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PARIS, TUESDAY, MAY 12, 1987

# Thatcher Summons U.K. to June Vote

of this contest as they lay out two

First, they will argue that Mrs. Thatcher needs a third term to in-

stitutionalize her free-market eco-

overnment after World War II.

argue that the prime minister will

se a third term to extend the

"Thatcher revolution" from eco-

For example, the Tory manifesto

cation proposals that would apply

market theory to school financing

by linking a school's funding to its

"I think it really is a manifesto to

were eager to join the campaign debate on the terms outlined by the

Conservatives. They see this as an

opportunity to emphasize the is-

sues of compassion and fairness

"Will we have a modern welfare

theme: that Thatcherism has divid-

See BRITAIN, Page 4

nomics into such areas as educa-

tion, health care and housing.

ability to attract students.

next century, as well as this."

main campaign themes.

By Howell Raines ment Monday, Mrs. Thatcher even raised the possibility of a fourth New York Times Service LONDON - Prime Minister term. "I hope to go on and on Margaret Thatcher called a general election Monday for June 11, thus because I believe passionately in our policies and I believe they are tying her political fortunes to an right for Britain," she said. improving economy and the Con-Conservative strategists plan to emphasize the historical shadings servative Party's rising position in public opinion polls.

Shortly after noon, Mrs. Thatcher went to Buckingham Palace and formally advised Queen Elizabeth I to dissolve Parliament. She is

The pound fell on news of the election. Page 21. The Loudon Stock Exchange rose to a record. Page 10.

calling the election a year before the law requires.

Monday, Parliament will have until May 18 to wind up its business. The parties will then publish their manifestos for the campaign in the 650 England, Wales, Scotland and Northern Ireland.

Public opinion polls show Mrs. Thatcher positioned to lead her party to another substantial major-10 most recent nationwide surveys put the Conservatives at 41.7 percent I about 20.4 accounts the set a course to go up to the next century." Mrs. Thatcher said. "We count I about 20.4 accounts to the set as a course to go up to the next century." Mrs. Thatcher said. "We cent. Labor at 30.4 percent and the ought to set Britain's course for the Liberal-Social Democratic alliance

If evenly distributed throughout the country, a popular vote along those lines would give the Conservatives a majority of about 90 seats.

Now her majority is 138 seats. Mrs. Thatcher, who took office and Mrs. Thatcher's image as an in 1979, would be the first prime uncaring ideologue. minister this century to win three consecutive terms. She could also state with Labor or end up with a poor law state under the Tories?" said Neil Kinnock, the Labor leadbecome the century's longest-serving prime minister, surpassing Herer, sounding a central opposition Asquith and Winston Churchill, both of whom served almost

Kiosk

India Assumes

Rule of Punjab

NEW DELHI (Reuters)

The Indian government imposed direct rule Monday on

the state of Punjab, saying that

the moderate Sikh government

there failed to counter separat-

A proclamation issued after a

cabinet meeting said the central

government in New Dein would take immediate control of the state following a "breakdown of the law and order ma-

More than 900 people have

died in the last 18 months in a

campaign by Sikh extremists to

set up an independent homeland for Punjab's 12 million

French Shut Reactor

GRENOBLE, France (AP) The breeder reactor plant at Creys-Malville near here is to

be shut indefinitely at the end of the month for repairs to a storage tank, the plant's man-

agement said Monday. The plant, a major power producer, leaked sodium coolant in

SPECIAL TODAY

SEOUL'S NEW TURMOIL

South Korea's balance sheet

shows a rapidly expanding

economy, but hopes for a reso-

lution of the country's political

A special report, Pages 11-16

Christian Lacroix, the

new Paris couture sensa-

tion, is being heavily courted in the U.S. Hebe

Dorsey reports. Page 7.

U.S. and Bolivian troops be-

gan joint maneuvers, but denied they planned raids on Bolivian

E Israel's cabinet remains split

after debating plans for a peace

GENERAL NEWS

drug traffickers.

Dow close: Down 15.00

The dollar in New York:

DM £ Yen FF

1.7905 1.6615 139.55 5.9820

conference.

troubles have faded.

ist violence.

# **Barbie Trial Opens**

### Ex-Nazi Officer Is Taken Before Court in Lyon

By Julian Nundy

LYON - Klaus Barbie went on nomic policies and prevent a return trial here Monday for crimes to the state ownership and economic control instituted by the Labor against humanity more than 40 years after he was an SS officer in Nazi-occupied France. Second, the Conservatives will

Barbie, 73, whose trial has been in preparation since he was expelled from Bolivia in 1983, was led handcuffed into court.

A police guard removed his man-acles, and the defendant, known as Butcher of Lyon," took his is said to include a plan to transfer seat behind a glass screen for a 20rental housing from state to private minute photo session. ownership. It will also contain edu-

Then, speaking in a strong voice, Barbie told the presiding judge, André Cerdini, that his name was Altmann, the alias under which he lived in Bolivia for 33 years.

The statement led to the first legal wrangle in a trial that appears destined to include a multitude of procedural disputes. The opposition leaders said they

Barbie, looking thin but apparently healthy, implicitly confirmed his true identity a few seconds later when he gave his father's family name as Barbie.

For his first appearance in the Lyon superior court, Barbie wore a black suit and tie that court officials said had been donated by a

Apart from the uniform he wears in Saint-Joseph Prison, his only left Bolivia and a Bolivian Army See TRIAL, Page 4



Klaus Barbie arriving Monday in the Lyon courthouse.

# McFarlane Says Reagan Condoned Outside Aid

# Intervention On Weapons Cargo Cited

WASHINGTON - Preside Ronald Reagan was kept informed of efforts to arrange financial aid to Nicaraguan rebels after official U.S. assistance was outlawed, according to testimony on Monday by Robert C. McFarlane, the president's former national security ad-

Mr. McFarlane also said that President Reagan asked the president of a Central American coun-

A prosecutor is reviewing testimony by a U.S. official over aid to the contras. Page 5.

try, reportedly Honduras, to release a shipment of arms that was seized before it could reach the contras, as the rebels in Nicaragua

In testimony opening the second week of hearings into the Iran-con-tra affair, Mr. McFarlane spent several hours outlining what he knew about efforts to help the con-tras after aid was banned by Congress, and then turned his attention to the Iran arms deal.

Mr. McFarlane said he was asked to "play God" and choose one American hostage to be released after the first U.S.-approved shipment by Israel of arms to Iran. He described in detail a meeting

in early August 1985 involving President Reagan in which an Israeli plan for selling arms to Iran Mr. McFarlane said that within days of the time the Israelis first

proposed the idea, Mr. Reagan made a decision to go ahead with attempts to approach moderate Iranians as suggested by David Kimche, director of the Israeli foreign ministry. That assertion contradicted testimony last year by the tormer White House chief of staff, Donald T. Regan.

Mr. Regan has said the president only approved the Israeli shipment after the fact.

The president's "decision was to tiously as possible." approve Israel being authorized to Mr. Meese, who has had various sell modest levels of TOW missiles are defection in the recent history of the City, London's financial district, and would cripple the firm.

Spiraling salaries and major personnel

The trend has aroused the construction of the City, London's financial district, and would cripple the firm.

Spiraling salaries and major personnel

The trend has aroused the construction of the City will be constructed that any or other military spares and items with individuals associated with other life mountained.

Mr. Worthington said that any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals associated with the would state any or other military spares and items with individuals asp replacements," Mr. McFarlane

He said he later learned that Is-See CONTRA, Page 4



Robert C. McFarlane taking oath Monday before testifying.

# Meese to Be Investigated By Independent Counsel

By George Lardner Jr. Washington Past Service

WASHINGTON - Attorney General Edwin Meese 3d asked Monday that an independent coun-sel undertake a criminal investigation of his ties to Wedtech Corp., a defense contractor that is the subject of federal inquiries.

The counsel, James C. McKay, said the inquiry would begin imme-diately and "be pursued as expedi-

under California law in May 1985

"The attorney general desires Die Corp. — "and the recent re-that this matter be resolved as ports concerning Mr. Meese's dealpromptly as possible, and in a fo-

litical exploitation," said Terry H. Eastland, a Justice Departm Deputy Attorney General Ar-

nold Burns, who served as the intermediary in the case, asked Mr. McKay in a letter to expand the Mr. McKay has been looking

into lobbying on Wedtech's behalf by Lyn Nofziger, a former White House aide, and his associates. Mr. McKay said last week, in response to congressional inquiries, that he

that there were not only similar terminating the "limited partner-ship" he and his wife established substantial factual overlap between the allegations concerning Mr. with W. Franklyn Chinn, a West
Coast businessman who had just
become a consultant for Wedtech.

Notziger's relationship with Welbilt/Wedtech"—the company was
originally called Welbilt Electronic Die Corp. - "and the recent re-

See MEESE, Page 4

# Aquino Slate Leads in First Poll Results

United Press Inter MANILA - Supporters of President Corazon C. Aquino were leading Monday in early and unofficial returns in congressional elections that are considered the last step in restoring full democracy to

the Philippines. Initial returns carried by the state-run Philippines News Agency and the independent radio station DZRH showed Mrs. Aquino's chosen candidates leading in races for the 24-member Senate, the more powerful of the two houses, by at least 17-7.

The military, however, voted heavily for the opposition, according to an unofficial count of absentee ballots by the private but government-approved National Movement for Free Elections.

The partial count showed the opposition leading, 16-8, among absentee voters. The scattered results accounted for less than I percent of the votes

Officials estimated that 90 percent of the island's 26.4 million registered voters participated.

A spokesman for the Commis sion on Elections said it did not

expect a trend to emerge until later this week in the Senate race. Filipinos also voted for 200 members of the House of Representatives. No results were immedi-

ately known in that race, Polling places in the capital were iammed and the streets were littered with sample ballots. Voters took up to 15 minutes to fill out the ballots, on which they had to

choose a representative and 24 sen-The military listed 16 deaths in tack on a police station.

General Fidel V. Ramos, chief of the armed forces, said 65 persons died in election-related violence during the two-month campaign. By comparison, 155 people died

during the 1971 congressional campaign and 49 on election day that See AQUINO, Page 4

### By Warren Getler creasingly common since London of Exco International PLC, the John O'Connell, mana moved to deregulate its financial

LONDON - More than twothirds of the trading staff of Purcell Graham & Co., one of five Eurobond brokerages operating in Lon-don's financial district, said Monday they were resigning and American-owned firm.

The exodus of at least 59 people would represent the largest single staff. Spiraling salaries and major per-

sonnel shifts, including the "raiding" of brokerages by corporate "headhunters," have become in-

markets in the so-called "Big Bang" in October.

59 U.K. Brokers Defect to Rival Firm

Nothing, however, has matched the potential coup scored by Can-tor Fitzgerald U.K. Ltd., the British arm of a Wall Street bond firm, where the Purcell employees were said to be headed. The defections would double the size of Cantor's

changes from company to company as potentially disruptive to the

Richard Worthington, a director London.

London-based financial service rector of Cantor, a subsidiary of group that acquired Purcell for \$22 Cantor Fitzergald Securities Co. of million in October, said that about the United States, confirmed that 45 of 60 Purcell's staff members in London had resigned. "We believe they may be seeking

employment with Cantor Fitzger-ald," he said. One Exco official added, "They appear to have been noached away by Cantor."

the group's sole overseas branch. Purcell is believed to be the sec-

and-largest Eurobond broker in

"numerous" staff members from Purcell had approached Cantor concerning future employment. Mr. O'Connell said that those employees would be welcome pending formal termination of

their current contracts. Analysts said that his car

Lawsuits have been filed against "raiding" senior staff from the trading floors of major brokerages.

# **U.S. Vows to Protect** Its Shipping in Gulf

BAGHDAD — An American official warned Monday against at-tacks on U.S. ships in the Guif.

"We regard any attack on an American ship as a very serious affair," said Richard M. Murphy, assistant secretary of state for Near Eastern and South Asian affairs. "We will do what is necessary to ensure the passage of our ships."

In Bahrain, Ambassador Sam Zakhem of the United States said the United States would be willing to consider a multinational naval force, possibly including the Soviet Union, to protect shipping in the

"It is my belief," he said, "that my government would welcome peace-loving nations like Britain and France and whoever would like to play a constructive role."

Asked if this could include the

vessels was attacked by Iranian boats on May 6, he said: "If the Soviets want to play a constructive role, I believe my government would probably welcome that." The International Chamber of

Iraq is alleged to be attacking Kurdish villages with mustard gas. Page 2.

Shipping in London asked the United Nations in January to con-

sider forming a peacekeeping force to escort convoys in the Guif.

Knwait's official press agency hinted Sunday night the emirate would endorse the idea. Kuwait, which exports all its oil via the Gulf, is negotiating with the United States to register 11 tankers under the American flag to gain the pro-tection of U.S. warships. It has al-ready arranged to charter Soviet

ankers to carry some of its oil. Mr. Murphy, who was in Baghdad as part of a Gulf tour, was asked what would happen if Iran attacked Kuwaiti tankers flying the American flag.

"These will not be Kuwaiti ships," he said. They will be ships, which in order to carry the American flag, will have to be owned by an American corporation. They will be ships which have been sold ly," he said, "but that might have taken by Kuwait to this American corpo-

> Iran has this year stepped up attacks on vessels going to Kuwait because the emirate backs Iraq in its war with Iran.

> iran's naval forces have stopped U.S. ships in the Gulf to check if they were carrying arms destined for Iraq. But none has been reported attacked

Mr. Murphy, who will go on to Knwait, delivered a message from President Ronald Reagan to the Iraqi leader, Saddam Hussein, on efforts to end the war, which has been going for six and a half years.



Nuns voting Monday in Manila in the election to fill 24 seats in the Senate and 200 in the House of Representatives. Soviet Union, since one of its cargo

# Texas Throws Beer Can Out the Driver's Window

By Robert Reinhold New York Times Service

HOUSTON - Another Texas tradition has fallen. Starting Sept. 1, Texas drivers will no longer be able to hurtle down the road in their pickup trucks guzzling beer, though their passengers will.

In signing the state's first law against election-related violence. In the worst incident, on the southern ison the way home from work. If so, he was ing the next legislative session.

The people that live here now are disgustative session. election-related violence. In the day that he had never hoisted a "long neck" killed in a Communist guerrilla atthe "Bubba" in a pickup littered with beer ed with the old Texas macho image," she cans has become almost a caricature.

The bill passed the state Senate and House by voice vote with no opposition. But that was only because the legislation was watered as of January 1987 against consuming alcodown, so to speak, in committee, so that it holic beverages at the wheel, although there applies only to the driver. Passengers may are local ordinances against it in many cities continue to obliterate themselves as long as in those states, according to the National the police do not see the driver sneaking a Highway Traffic Safety Administration. Un-

pass a complete ban on open containers," Committee on Liquor Regulation. "Texans down your drink. sort of pride themselves on personal freedom and feel it's their God-given right to rip up and down the highways with beer can in

Still, Mile Kirk of Dallas, lobbyist for drinking alcohol and driving at the same
Mothers Against Drunk Driving, called the
time. Governor Bill Clements insisted Thurslaw a "step in the right direction" and vowed to press for a full "open-container" law dur-

til the Texas law goes into effect, it will still

"The Texas Legislature is not ready to be possible to drive the 3,000 or so miles (4,800 kilometers) from Key West, Florida. said Eric Glenn, chief clerk for the House to northern New Mexico without putting

The other states in which anyone in a vehicle can drink are: Alabama, Alaska, Connecticut, Delaware, Florida, Georgia; Indiana, Louisiana, Maine, Mississippi, Missouri, New Mexico, Tennessee and Wyoming. This represents a considerable decrease from 1985, when 26 states had no laws, the National Safety Council said.

Until now, the police in Texas could not arrest someone drinking at the wheel unless he showed signs of intoxication. The new bill provides a \$200 misdemeanor fine if the officer sees the driver take a drink, so there are questions about whether it can be enforced. A more potent bill was opposed by the Wholesale Beer Distributors of Texas, which neither supported nor opposed the final, diluted bill

Joel Brandenberger, a spokesman for the drinking beer at the same time.

lius, a Democrat who represents the Panhandle, said this was the strongest bill possible. "Everybody would have loved to have seen liquor banned from automobiles entire-

another two or three session Major George King, a traffic enforcement specialist with the Department of Public Safety, was optimistic that, though difficult to enforce, the law would work.

"The real value is that most people are going to be law-abiding." he said, citing the surprising level of compliance by Texans with another disputed new law requiring scat-belt use.

While one tradition has crumbled, the legislature is considering reviving another. A bill would permit Texans to carry pistols on their beits, as an anti-crime measure. This raises the prospect that Texans will be wielding two lethal weapons on the road; a vehicle and a Colt .45. But at least they won't be

The Associated Press

JERUSALEM - A divided cabinet debated Monday whether Israel should participate in a proposed international peace conference, but officials said the two sides had come no closer to agreement.

· The coalition government of Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres is split on the issue, with Mr. Shamir opposing participation and Mr. Peres contending that Israel will miss a historic chance for peace

if it says no. Mr. Peres has threatened to force early elections if his position is rejected by the 10-member inner cabinet. A deadlock seems likely because the inner cabinet is evenly divided between Mr. Peres's Labor Party and Mr. Shamir's conservative Likud bloc.

Mr. Peres would not say what was discussed during the four-hour meeting Monday. He said a second session was planned for Wednes-day. He is to fly to Washington that day to discuss the issue.

Government officials from both Likud and Labor said no progress had been made toward agreement on the international conference. They hinted at the possibility of elections.

Two government officials who asked that neither their names nor party affiliations be used said no progress was made Monday and predicted a stalemate Wednesday as well.

"If you ask me about the likelihood of a compromise after this meeting, I'd say it's highly unlikeiy, one said.

Their assessments contradicted earlier speculation that the cabinet was moving toward a compromise that would avert a vote on the plan but allow Mr. Peres to continue contacts on the issue.

Mr. Shamir's aides had said he would present a counterproposal at Monday's session, but officials said he did not do so.

The prime minister said over the weekend that he had developed a pour's family of 11 seemed harmed peace plan based on direct negotiaby the explosions, which had erupted not 100 yards (90 meters) from tions with King Hussem of Jordan. He has declined to give details. the front of his home. But within

Mr. Peres's U.S.-mediated proposal calls for a conference convened by the United Nations secretary-general. Participants would include the five permanent members of the UN Security Council the United States, the Soviet Union, China, Britain and France - as well as Israel, Jordan and possibly other Arab countries.

Mr. Shamir, who has said early elections would not be in the national interest, opposes an international conference because he fears it could leave Israel isolated and open to pressure to give up the occupied West Bank and Gaza

Strip.
As the cabinet ministers met Monday, members of the Labor Party youth movement and the rightist, nationalist Tehiva Party demonstrated near Mr. Shamir's office. Labor supporters carried banners reading "Yes to Peace, No Dr. Ali Rezar Albabi after examin-



Yitzhak Shamir, left, and Shimon Peres at the cabinet meeting Monday.

IRAQ

Iraq Is Alleged to Gas Kurdish Villages

**IRAN** 

eyes with a cleansing solution, salv-

ing their faces with cream and or-

dering injections to try to counter

the longer-lasting effects of the gas.

Like many Iranian doctors, Dr.

lending his services to a hospital

By Jonathan C. Randal

KHARTOUM - The authori-

ties here. long tolerant of refugees

Africa, have begun a campaign to

Khartoum and its sister cities.

Iraq. He said that since Iraq first than 450.

Albabi, 27, who is from Tehran, is Iraqi planes have dropped gas on at

near the front lines of the war with killing 33 Kurds and injuring more

after World War I

not new. A United Nations investi-

But in previous cases Iraq tended

gation in 1986 confirmed its use.

however, Iraq is accused of using gas against civilian villages as well,

have advanced over mountains in

Iraqi Kurdish rebel officials in

Tehran claim that since April 14,

when the first gas attacks occurred,

least two dozen Kurdish villages,

Khartoum Presses Refugees to Leave

Thousands, Many of Them Foreigners, Are Rounded Up

contain more than one million resi-

tional 500,000 people are estimated

Officials say the refugees are

Other reports say authorities de-

Among the refugees here are

many Sudanese from the south,

fleeing the civil war in that region, where Christian and animist blacks

have been rebelling against rule by

ernment. Western Sudanese drifted

here in 1984 and 1985, when their

The kasha, as the roundup is

called here, initially affected about

45,000 foreign refugees as well

mainly Eritreans who have fled the

fighting in their region of Ethiopia.

skilled jobs in the Khartoum area.

These jobs were abandoned by Su-

danese who took better-paying po-

sitions in Saudi Arabia and other

Repeated representations by the

missions and the office of the Unit-

ed Nations High Commissioner for

Refugees helped stay the removal

of about 45,000 refugees, most of

them Eritreans, from the capital

The diplomats, while acknowl-

refugees wherever it chose, report-

edly warned that the campaign

could damage Sudan's reputation

Arab states.

Many Eritreans have taken over

lands were seared by drought.

the Arab-dominated central gov

stroyed shantytowns and forced

to be here without documents.

increasing lawlessness.

been fined, the agency said.

young men to work on farms.

an offensive called Karbala-10.

# In Middle East, Moscow Enjoys a Rise in Influence Soviet Joins UN Anti-Terrorist Pact

Gorbachev Is Shifting Soviet Focus To Moderate Arab Nations, Israel

By John Kifner CAIRO — The Soviet Union has begun a series of diplomatic moves

in the Middle East that appear aimed at restoring its influence in the region, which has suffered since

Under Mikhail S. Gorbachev. Soviet policy in the region, once largely focused on such extremist countries as Libya, has shifted to reach out to more moderate Arab nations and even to Israel.

A major Soviet triumph was the reconciliation last month of long-quarreling Palestine Liberation Organization factions, which was largely brokered by Moscow. Other recent developments in-

 Open Soviet support for a pro-posed international conference on Middle East peace, which is being pressed by King Hussein of Jordan.

Iraqi Kurdistan, have also been at-

while two dived on us.

Partly because of such entreaties,

evacuation of foreigners, pending

Social workers said that many of

Sudanese children living on Khar-

pounded his passport in March, in

what he felt was a sign of official

displeasure with foreign interest in

paying for the Falasha operation,

one aid worker said, referring to the U.S.-aided clandestine evacuation

from Sudan to Israel of Ethiopian

Jews in 1984 and 1985. "Sudanese

officials are convinced that we all

have ulterior motives beyond our

The recent roundup in Khar-

toum led to complaints from refu-

gee sources of police harassment,

But the Sudanese deputy com-

missioner for refugees, Fadil

Diyab, said no proof of wrongdo-

ing had been produced despite his

He conceded that the roundup

offer to investigate specific cases.

had "created some negative im-

missions," but added that "the

Mr. Diyab reflected concerns of

Khartoum's native residents about

the refugees, saying that "with the

cost of living going up and services

Local representatives of the UN

refugee agency are studying possi-

ble cash contributions to public

burden imposed by the refugees.

campaign is not targeted against

including beatings and rape.

humanitarian concerns.

"All foreign relief agencies are

to itch.

dents, official figures say. An addi- the government postponed any

overburdening public facilities and the estimated 10,000 abandoned

In March and April, local offi-toum's streets were rounded up or

to the official Sudanese press agen- mat who retired here to take care of

cy. Some of those detained have destitute children, said officials im-

U.S. Embassy, other diplomatic pressions with certain diplomatic

edging that the government was falling apart, it's only natural to technically within its rights to settle blame others."

as a haven in an often intolerant services in Khartoum to ease the

refugees."

cials rounded up 8,000 Sudanese fled to avoid detention.

said to lack documents, according Robert Richard, a French

further study.

such matters.

started using mustard gas against Iranian officials claim that many Iranian troops on the southern of their soldiers in the Karbala-10

Hafez al-Assad of Syria, during which Mr. Gorbachev, while promising more arms, reportedly urged a Overtures toward Israel

Soviet client in the area, President

President Anwar Sadat of Egypt even during Mr. Assad's visit — expelled Soviet military advisers 15 that included hints of reopening diplomatic relations, along with moves to allow more Soviet Jews to emigrate from the Soviet Union.

• A warming of relations with Egypt, the major Arab client of the United States in the region, including the easing of repayments of Cairo's old military debts.

The protection of some Kuwaiti oil tankers from attacks by

Iran in the Gulf war, part of a series of moves in the Gulf aimed at the establishment of ties with the most conservative of Arab countries, Saudi Arabia.

"One of the great changes in the area in the coming period is going to be the new friends of Russia," said a Western-oriented Arab intel-· A visit to Moscow by the major lectual in Jordan.

Genscher Calls Reagan Visit a Success

WASHINGTON (AP) — The West German foreign minister said

Monday that he was able to work toward a common alhed position on
medium-range missiles with President Ronald Reagan and his aides in A major factor in Moscow's recent success, in addition to the generally more flexible strategies of Mr. Gorbachev, is an emerging wish in the Arab world to use the Russians as a counterweight to the

"Striking a balance between the front two years ago all Iranian doc- offensive, which has advanced as two powers achieves for Egypt the tors had received training in treat- far as 10 miles (16 kilometers) into best position for maneuvering between them," the Egyptian newspa-Mustard gas is one of the oldest tacked with gas. At Dr. Albabi's per Al-Ahram said in an editorial

chemical weapons known, having special gas treatment ward here, been used with devastating effect in there were 17 soldiers hospitalized The editorial, which is known to World War I. Mustard gas is with skin burns and inflamed eyes reflect the views of President Hosni banned by the Geneva Convention and lungs, part of a group of 50 Mubarak, added that striking such on Warfare that was hammered out that had been exposed to mustard a balance was the ideal formula for fter World War L gas during an attack on May 7 just Egypt because the country's dependence on the United States in prodence on the United States in proeign diplomats in Tehran confirm. "We were sitting around our tecting its economic and security the use of mustard gas by Iraq is camp when suddenly four jets came interests "places it under the mercy overhead," recalled Narwan Ta- of this party."

heri, 27, a Basij, or volunteer sol-dier, from his hospital cot as his Kuwait, for example, played Moscow and Washington off to use it only against Iranian troops pulfy eyes watered. "Two planes against each other earlier this year, when its own forces were especially stayed high and attracted the attenpressed at the front. This time, tion of our anti-aircraft defenses, attacks on tankers flying its flag, Kuwait, which has supported Iraq "Three missiles bit 30 yards from in the six-year war, asked both suboth in Iran and in Irani Kurdi- me and I was enveloped in a cloud perpowers for naval protection.

The Russians responded swiftly. They leased three Kuwaiti tankers stan, where Iranian irregular forces of white smoke," he recalled. Like Mr. Karapour, Mr. Taheri remembers the smell of garlic, then his so that, as Soviet-flag vessels, they hings felt stifled and his eyes began would be under the protection of the Soviet Navy. The United States Iranian officials are waiting for a is still negotiating a more elaborate second UN report to be released plan, under which a holding comlater this month to corroborate their claims of continuing Iraqi gas attacks against civilians. tanker fleet to give them similar protection

The changing attitude in the Arab world is also shaped by resentment of the United States, not only over the recent secret supply of arms to Iran, which is widely seen as a threat to the stability of the Arab world, but over U.S. policy in general, which Arabs widely view as dominated by the interests of Israel.

The major Soviet coup, according to both Western and Arab sources, was arranging the reconciliation in Algiers of Yasser Arafat, the mainstream Palestinian leader; with the rival Palestinian guerrilla factions. Two of such Damascusbased factions, the Popular Front for the Liberation of Palestine and the Democratic Front for the Liberation of Palestine, have had longstanding ties with Moscow.

"The Soviets are the greatest winner in this exercise," said a key adviser to Hussein.

WORLD BRIEFS

MOSCOW (Reuters) - The Soviet Union said Monday it would join a

United Nations convention that commits members to acting to prevent

The convention was adopted by the UN General Assembly in Decem-

ber 1979, about six weeks after the seizure of the U.S. Embassy in Tehran

by Islamic students.

Diplomats said 36 countries had signed the convention. Part of the agreement states that members would punish hostage-takers "by approagreement states that members would punish hostage-takers by approaches agreement states that members would punish hostage-takers by appro-

priate penalties which take into account the grave nature of those

Thais to Pay 5% of Cost of China Arms

BANGKOK (UPI) — China is selling arms to Thailand at only 4 to 5 percent of their total value, the commander of the Thai Army, General Chaovalit Yongcharyut, said Monday. General Chaovalit went to Beijing earlier this month to buy T-69 tanks, 130mm artillery shells, 37mm anti-

aircraft guns and armored personnel carriers.

He said the purchase had a value of "thousands of millions of baht" but that China agreed to charge only 4 to 5 percent of the total value. News reports said the purchase price was about \$10 million. Chinese officials consider the price reduction a form of assistance to Thailand, said General Cheowalit

Military relations between China and Thailand have warmed following

the Vietnamese invasion of Cambodia in December 1978. China supplies

Cambodian guerrillas with arms by shipping them through Thailand. Beijing also has said it would help defend Thai territory if Vietnamese forces ever invaded. But General Chaovalit said he did not sign any

"The objective and the goal that we have been trying to reach for many years," said Hans-Dietrich Genscher, "seems to have come within close reach now — that is, the zero option" to eliminate intermediate nuclear

"This is a great success on the part of Western security policy and the firmness in defending one's own interest," Mr. Genscher said. He said he hoped U.S. negotiators would be able to reach a global agreement with

the Soviet Union that would also eliminate the 100 medium-range

missiles that are to be left in Soviet Asia and in the United States.

formal military agreement during his visit to China.

the taking of hostages.

General Chaovalit.

meetings at the White House.

forces in Enrope.

pany would be set up to lease up to half of the 22 ships in Kuwaii's François Mitterrand, right, with Eberhard Diepgen in Berlin.

### Soviet Protests West Berlin Meeting MOSCOW (Renters) — The Soviet news agency Tass accused West Germany on Monday of undermining the four-power agreement over

It said a meeting between President Richard von Weizsäcker of West Germany and President François Mitterrand of France in Berlin contravened an agreement with Moscow, Weshington and London. Mr. Mitterrand was the first head of state of the three Western military powers to

meet a West German president at his official residence in West Berlin.

Moscow considers any formal West German presence in Berlin a
breach of four-power agreements. Mr. Mitterrand's visit was designed to
reassert French political and military support for the city in its 750th anniversary year. "This step is evidence that Bonn, ignoring the legal position of West Berlin, an independent political unit, treats this city as West German territory," Tass said.

### For the Record

Twenty Poles abandoned a tour group in Bavaria over the weekend and are expected to seek political asylum in West Germany, the Munich police said Monday.

Three persons were injured early Monday in a bombing at a cultural and administrative center for foreigners in Marseille, the police said. They said bomb experts defused a second device.

# North Korea, Long in Soviet Camp, Is Said to Be Warming Up to China

By Loren Jenkins Washington Post Service BANEH, Iran — As Ali Kara-

pour remembers it, he had just left his home in the Kurdish village of

Bol Hassan near this Iranian pro-

vincial city when he heard the roar

of planes coming over the moun-

pening there were muffled explo-

sions back near his village.

Before he realized what was hao-

By the time he rushed back to his

house there was just a pall of disap-pearing mist and "the smell of gar-

lic." Doctors here say the smell of

garlic is characteristic of the mus-

tard gas that Iraq is accused of

using against dozens of civilian vil-

lages in the mountainous Kurdish

regions that straddle the Iran-Iraq

At first, no one in Mr. Kara-

hours his children, his wife, sister

and mother-in-law began to com-

plain of watering, irritated eyes and

By the time Mr. Karapour had

walked his family to Baneh, 12

miles (20 kilometers) west of the

village, seven members of his fam-

ily, including three young children and an 11-month-old baby, were being led like blind people, holding

the belts of those in front of them.

Mr. Karapour took them to the

makeshift hospital for treating gas

victims that has been erected at

The eyes of the seven were swol-

len half shut, streaming tears. The

skin of their faces was red and

bloated. The baby, cried with pain from other parts of Sudan and East

another case of mustard gas," said sons out of this city.

"It looks pretty certain that it is force thousands of displaced per-

Baneh in a primary school.

whenever she was touched.

itching skin.

By Daniel Southerland Washington Post Service
BELJING — North Korea appears to be improving its relations with China after having leaned toward the Soviet Union for several

years, according to West and East European sources. The sources said preparations by the North Korean president, Kim Il Sung, in what appears to be the latest sign of a warmer attitude toward the Chinese. Diplomats said such a visit could come as soon

August A Chinese Foreign Ministry spokesman said Wednesday that he could not confirm that Mr. Kim had planned a visit to China.

Diplomats said that Mr. Kim might want to balance more evenly North Korea's relations with China and the Soviet Union and might also seek more Chinese support for North Korea's demand that it be allowed to co-sponsor the Summer Olympics next year, to be held in

Mr. Kim would also likely seek emization program.

wanted a personal look at the direc-

are being made for a visit to China said. Mr. Kim was insisting on an tive was presented to the North official visit

> Mr. Kim also wanted assurances that when he met with China's act-Ziyang, he would be meeting with

> China, which fought on the side of the North in the 1950-53 Korean peaceful settlement of differences between the two Koreas. China needs stability on the Korean peninsula, according to analysts in Beijing, so that it can devote most of its energies to its economic mod-

ing chairman of the Communist as this month and no later than Party, Prime Minister Zhao the man who would ultimately be China's permanent party chief. The paring at great expense. Chinese gave Mr. Kim such assurances, the source said.

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recent U.S. diplomatic overture to- North Koreans in March that it ward North Korea, diplomats said. was prepared to take major steps to They suggested that Mr. Kim also improve relations if the North retion of domestic Chinese politics.

Mr. Kim's last visit to China, a low-key, unofficial trip, was in November 1984. This time, the sources

An East European source said

War, has been encouraging a

clarification from the Chinese on a The United States informed the sumed talks with the South and agreed to participate in the 1988

U.S. State Department officials said last month that the U.S. initia-Koreans through Chinese officials.

ing of Soviet influence in North Korea. Washington, they said, also hopes that North Korea will not disrupt the Olympic Games, for which South Korea has been pre-

agreed in principle to receive a delegation from the International Olympic Committee.

reported as saying that he hoped to send a mission to prepare for a round of talks in July among officials from North Korea, South Korea and the International Olympic

and, until recently, have had no official or even informal contacts. But in early March, the State Department disclosed that U.S. diplo-North Korean officials when they met at diplomatic receptions.

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Yugoslav Miners Accept Pact

work after reaching an agreement on Monday with management. The miners originally demanded for housing loans, cuts in nonproductive personnel and the dismissal of the mines' entire management.

organization will study manning levels at the mine, where whitecollar workers outnumber miners

by 2 to 1. wages to curb inflation.

# Controller Radar In Los Angeles

Called Defective United Press Inter-SANTA ANA, California -The radar used by controllers at Los Augeles International Airport has broken down nearly once a day since the Aeroméx

ico disaster in August over Cerritos, it was reported here. The breakdowns, which iasted from several minutes to as long as six hours, forced controllers to switch from one trouble-plagued radar system to another, according to documents obtained by The Register of Orange County and reported by

the newspaper Sunday. Both systems - one installed in 1964 and the other in 1972 are scheduled to be replaced next year.

Radar technicians told the newspaper that many of the breakdowns only caused distractions for controllers. Those accustomed to problems with the radar said the breakdowns have not affected their perfor-

Dick Muckle, the airways facilities manager for the Federal Aviation Administration in Los Angeles, denied that problem poses a threat to aviation safety, adding that difficulties with the equipment have eased since March.

**Rate of Serious Crime** Rose 6% in U.S. in '86

WASHINGTON - Serious crime in the United States rose by 6 percent last year in the largest in-crease since 1930, the Federal Bureau of Investigation reported.

The 1986 statistics, based on crimes reported to law enforcement agencies throughout the country, showed increases in all offenses TRAVEL UPDATE

A new taxi-sharing plan for London will go into effect between Heath-row Airport and the West End that will allow travelers to save at least half the present fare of about £16 (\$27), a Transport Ministry spokesman said Air France said it had maintained flights Monday despite a strike by

pilots. A spokesman said enough pilots had rejected the strike, which began Sunday and is scheduled to last until Thursday, to maintain a full Portuguese train engineers staged their second 24-hour strike in two

weeks Monday. London's bus services were paralyzed Monday by a 24-hour strike of crews protesting the government's policy of offering routes to private

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries this week because of national and religious TUESDAY: Bangladesh, Burma, Malaysia, Singapore.

WEDNESDAY: Indonesia, Sri Lanka. THURSDAY: Liberia, Malawi, Paraguay, Sci Lanka.

FRIDAY: Denmark, Iran, Paraguay. SUNDAY: Israel.

Source: Morgan Guaranty Trial Co., Reiders.

# Malta Nationalists Rejoice, Though Tally Is Incomplete

VALLETTA, Malta — Supporters of the opposition Nationalist about 1,000 at party headquarters Party on Malta celebrated an eximal Party of whom had been pected victory Monday after the celebrating all night, to keep calm general election, although officials until the official result was known. on both side said the outcome still was not clear.

"At this stage it is too early to predict anything," the Labor government's spokesman, Paul Mif-sud, said as ballots from the Saturday election were counted under police guard at a barracks. "In here, where it counts, it's still neck

and neck Louis Galea, the Nationalist Party's general secretary, agreed. "It's too early to say," he said. Partial results from the first of 13

Party with three seats to two for the Nationalists. Elections officials

The Nationalist leader, Eddie

The pro-Western, conservative Nationalists have been out of power since the socialist Labor Party won office 16 years ago.

Although the Nationalists took 51 percent of the vote in the 1981 election, they failed to win a majority of the 65 seats in the legislature. But in this election, the party that wins more than 50 percent of the vote takes power.

Since Labor came to power in election districts showed the Labor 1971 under Dom Mintoff, the island has set out on a course of neutrality and nonshignment as said the deputy prime minister, well as close relations with Libya. Wistin Abela, won one of the La- A victory by the Mationalists would toro Malta back toward the West.

The second secon



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Summer Olympics in Seoul.

Analysts in Beijing said the Unit-ed States would like to see a lessen-

North Korea is said to have

The committee president, Juan Antonio Samaranch, was recently

The United States and North Korea have no diplomatic relations mats were authorized to talk with

BELGRADE - Yugoslav miners have won pay increases of up to several managers, apparently ending a 33-day strike.

Official reports from Labin, in northwestern Yugoslavia, said the miners there had decided to resume

UNIVERSITY

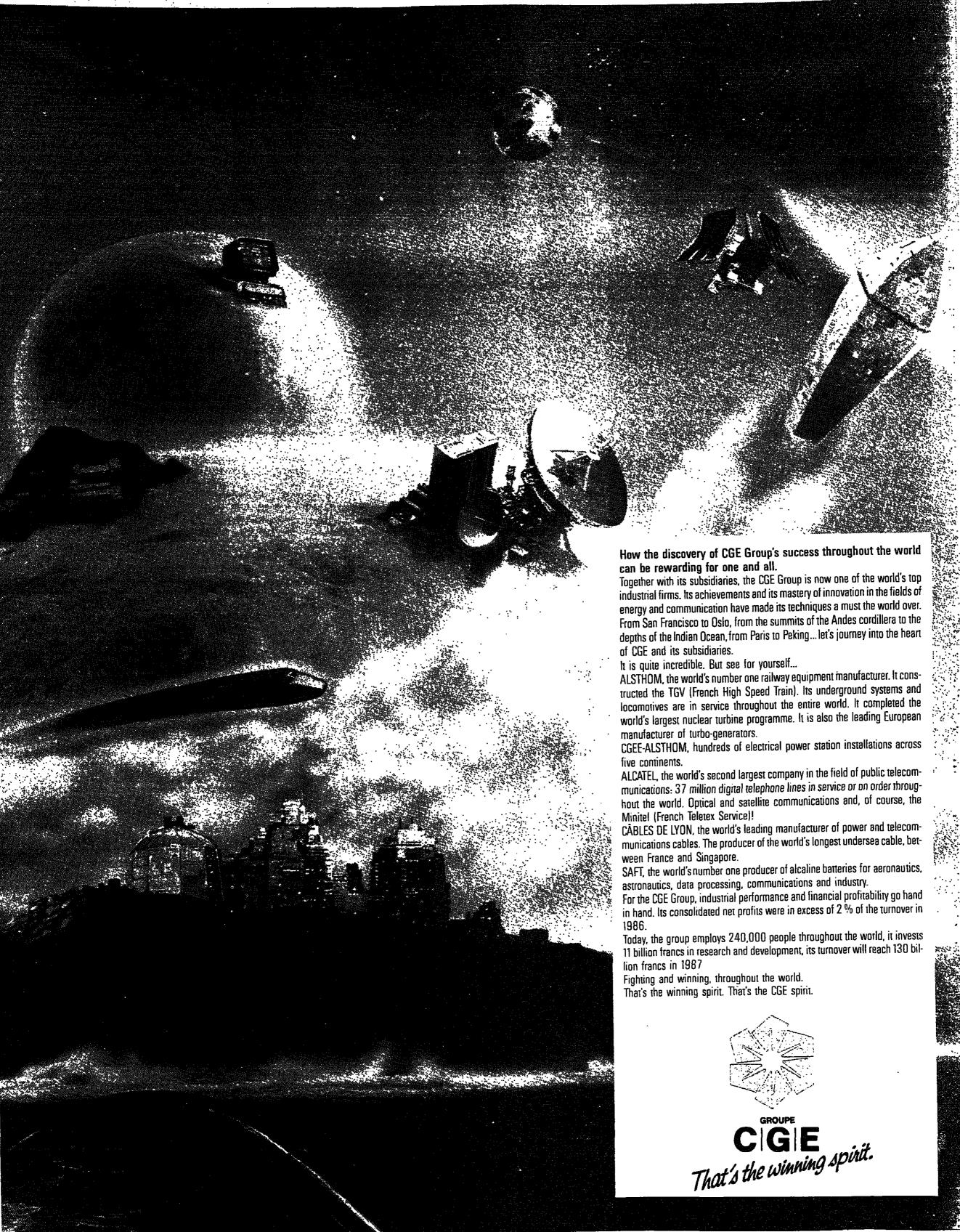
46 percent and the resignations of a 100-percent increase in their minimum wage, special conditions

Under Monday's agreement workers are to receive pay rises of 4 percent to 46 percent. The miners also won the resigna-

tions of the mines' technical director, finance director and the secretary of the mines. An institute specializing in work

The strike followed widespread unrest after Prime Minister Branko Mikulic approved legislation in March intended to hold down

# Incredible Journeys...



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### (Continued from Page 1)

parka given to him at the last moment to protect him from the cold. Before the trial began, 44 Jewish children opened a temporary monument dedicated to the Holocaust

outside the Lyon city hall. The children represented the Jewish children, aged 3 to 17, that Barbie is charged with having removed from a children's home in the village of Izieu on April 6, 1944, and deported to the Auschwitz concentration camp, where they

In front of the stone steps of the Lyon courthouse, two Gypsies held a placard accusing Barbie of deporting 400 Gypsies from the Lyon area to their deaths.

Along with Jews, Gypsies were a priority for extermination in Hit-ler's attempt to protect what he

called "the master race." Many French public figures, such as former Health Minister Simone Veil, herself a concentration camp survivor, have expressed the fear that the trial will merely provide Barbie with a tribune from which to sully the memory of the French Resistance and to highlight

French collaboration. These fears have been heightened by pledges from Barbie's lawyer, Jacques Vergès, to turn the trial into an accusatory review of the French wartime record. In the opening session Monday.

U.K. Polaris Misfires in Test

United Press Internation CAPE CANAVERAL Florida - A Polaris missile with a dummy warhead fired from the British submarine Repulse was blown up by

radio command Sunday.

asked him when he had adopted the

name. He replied that he had taken it in 1951. That was the year he fled Europe with U.S. help for Bolivia, He said he had taken Bolivian nationality under both names in 1957. Bolivian officials have said he was naturalized as Altmann, and his use of a false identity was one of

the grounds for his expulsion. Early in the proceedings, Barbie told the judge that he wanted to speak in German through an inter-preter. But he answered the first lestions in French and clearly understood the proceedings.

From time to time he looked

around the courthouse at the press gallery and the public gallery, where Foreign Trade Minister Michel Noir and former Defense Minister Charles Hernu, both members of Parliament from the Lyon area.

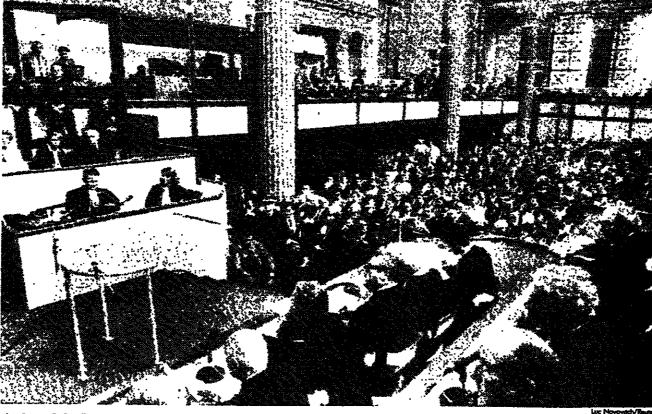
Mr. Cerdini drew lots to choose the nine jurors who will sit with the three judges throughout the trial. which is expected to last at least six weeks. Some court officials predicted a verdict as late as July 10.

Mr. Verges rejected two of the proposed jurors, both young womand the prosecutor. Pierre Truche, rejected one young man. No reasons were given

sider the proceedings "without hate or evil" as they decide on the fate of a man who was twice sentenced to after the defendant identified himdeath by French courts for specific self as Altmann, Judge Cerdini war crimes in the 1950s.

These sentences are now invalid because of France's 20-year statute arrival in Lyon in 1983. of limitations. Under the new faces possible life imprisonment. The question of Barbie's identity

civil plaintiffs. Charles Libman, to er. "under the name of Klaus Barseek clarification. Barbie said, "I bie."



Mr. Cerdini asked the jurors. A view of the Lyon courtroom. Barbie's lawyer, Jacques Vergès, is in the front-row box; Barbie sits directly above him. four women and five men, to con-

shall not reply to these questions." Barbie was being searched on his

The prosecutor said, "I under- bers. charges framed under the law on stand that the name of Barbie must crimes against humanity. Barbie bevery heavy to carry." But he said major charges against Barbie deal was the man who had been "an mostly Jews, to concentration caused one of the 40 lawyers for obersturmführer," or SS command-

A list of about 100 witnesses, 90 Mr. Verges then protested that of them called by the prosecution Bolivian documents in the name of or the civil plaintiffs, was read out. Alumann had disappeared while They will describe Nazi actions against Jews and the torture and deportation of Resistance mem-

Along with the Izieu case, the he was satisfied that the defendant with the deportation of 650 people, camps, and the deportation of 86 Jews seized at the Lyon office of the Jews of France Committee.

whom Barbie is alleged to have sation includes the names of all the tortured to death. The Moulin case was part of charges brought against Barbie in the 1950s and cannot be included in the new accusation.

ent will show that Moulin, realizing he had been betrayed by fellow Resistance fighters, killed himself. The first day's session ended with court clerks reading the start the return trip to his prison cell.

people Barbie is accused of deport-ing or torturing and a detailed account of Barbie's life and career.

The document included a report Mr. Verges has said that his cli- by prison psychiatrists who said fully interceded to secure the re-Barbie showed no signs of remorse. led into court. Barbie chatted with a guard while being handcuffed for

Just 75 minutes into the trial, of the 350 pages of charges drawn Barbie's lawyer raised the name of up by the examining magistrate in Jean Moulin, a Resistance leader the case, Christian Riss. The accu-

# CONTRA: McFarlane's Testimony

(Continued from Page 1)

rael had, in fact, shipped 508 TOW missiles, not the 100 to which the United States had agreed, and that as a result or American had a result or a factor of the contrast of the cont as a result an American hostage

was to be release Arthur Liman, chief counsel for the Senate investigating committee, asked Mr. McFarlane: "Did there come a time when you received a call from an Israeli representative telling you that as a result, an

American hostage would be al-lowed to go free?"
"Yes," Mr. McFarlane respond-ed. He said the call was between Sept. 10-11. Was that a very unpleasant

call?" asked Mr. Liman. "It was extremely disappointing," Mr. McFarlane said. "It was a report from Mr. Kimche in Israel that as a practical matter they had run into difficulties with the Iranian intermediaries." Mr. Kimche said that "the United States could

within a couple of days."

Mr. McFarlane said Mr. Kimche had expected all the hostages to be

expect one hostage to be released

"Were you asked to play God and choose one hostage?"

said he asked for William Buckley, the CIA station chief in Beirut.

He said he later chose the Reverend Benjamin Weir, a Presbyterian minister who was freed by Moslem extremists in Lebanon on Sept. 14, 1985. Mr. Buckley, it was learned, died in captivity, reportedly after being tortured.

Earlier in the day, Mr. McFarlane said that Mr. Reagan successlease of the arms to the contras Six and a half hours after being after learning that the military of into court, Barbie chatted with commander of a country near Nicaragna had intercepted the lethal

> Congressional sources identified the country in question as Honduras and said Mr. Reagan's intercession occurred between 1984 and 1986, when the administration was barred from providing military

support to the rebels.
Mr. McFarlane's disclosure raised questions about whether Mr. Reagan was more aware than he has indicated of his administration's efforts to arm the rebels.

A spokesman for the Honduran Embassy would not comment on Mr. Reagan's reported request. Robert Suazo Córdova was the Honduran president from 1981 to 1985. José Azcona Hoyo has held the job since 1986.

The Senate Intelligence Committee had been informed by the administration of several seizures by Honduras and another Central tended for the contras, a congressional source said. However, the source said the intelligence panel was not informed

about the legality of the shipments, the source said. Mr. McFarlane did not name the Central American country or the

that Mr. Reagan had interceded to

obtain the release of the weapons.

source of the shipment. Mr. McFarlane answered "yes" ing whether the Honduran military commander had seized the weap-

reject funding for the contras. The president rep clear in public and in private that legal fees of \$360,000. he did not intend to break faith

that we assure the contras of con- and an undisclosed retainer. tinuing administration support, to Mr. Chinn, who Mr. Wallach inhelp them hold body and soul to-troduced to Wedtech and to Mr. gether, until the time when Con- Meese in 1985, received an option

rebels.

Mr. McFarlane also testified be met several times with an unnamed

ambassador who ultimately made a pledge of \$1 million 2 month to help arm the contras, "ostensibly from private funds." There have been widespread reports that the ambassador was Bandar bin Sultan of Saudi Arabia. The Saudis have

denied giving funds to the contras.

At one point, Mr. McFarlane seemed to suggest Mr. Reagan may have personally solicited aid for the contras from the head of state of the same country during a private

meeting two years ago.
Although Mr. McForlane identified the nation involved only as "country two," he did refer in his testimony to his preparations for a visit by King Fand of Saudi Arabia. Mr. McFarlane said the visit of

the foreign leader included a private session with Mr. Reagan. Mr. McFarlane said he learned a day or so later that donations from that country would be doubled to \$2 million a month.

At a White House briefing, Mr. Yes," Mr. McFarlane said. He Fitzwater said that while Mr. Reagan had sought to rally support for the contras. "Let no one believe that the president was involved in asking the staff or anyone else to provide illegal support for the freedom fighters.

> Mr. McFarlane testified that he was stunned when Lieutenant Col-onel Oliver L. North told him in May 1986 that money from the Iran arms sales was being diverted to the contras, but that he did not pass along the information because he was no longer a government official.

Mr. McFarlane learned about the scheme on the tarmac of an Israeli airport after he and Colonel North returned from a failed mission to Tehran to swap arms for hostages. He said Colonel North gave him the information to cheer him up after the unsuccessful trip.

MEESE: Special Prosecutor

ings with individuals associated with the company." Mr. Burns wrote that "in 1981-

(Continued from Page 1)

82, Mr. Moose's office in the White House participated in efforts to obtain for Welbilt a certain contract with the army; we understand that American country of supplies in. Mr. Nofziger's relationship to this contract is currently being investigated by your office." In addition, Mr. Burns wrote,

"Mr. Nofziger continued to have a financial relationship with Welbilt/Wedtech, and Mr. Meese has The committee raised no questions had personal and/or financial relationships with two individuals, E. Robert Wallach and W. Franklyn China, who like Mr. Nolziger, received both professional fees and stock from Welbilt/Wedtech."

Mr. Wallach, a longtime friend to a question from Mr. Liman ask- of Meese, is a San Francisco lawyer who began advising Wedtech in 1981 and who enlisted Mr. Meese's ons because he felt "a license" to do help getting a White House review so following a congressional vote to of the company's difficulties with the army. Sources say Mr. Wallach got \$640,000 in Wedtech

Mr. Nofziger, another friend of with the contras," Mr. McFarlane Mr. Meese who left the White House in January of 1982, also did "He directed that we make con- lobbying work for Wedtech on the tinued efforts to bring the move- army contract along with his partment into the good graces of conner, Mark Bragg. They received
gress and the American people and close to \$700,000 in Wedtech stock

gress would again agree to support to buy 75,000 shares of Wedtech them." stock at below-market prices when At the White House, Marlin he became a Wedtech consultant.

# **BRITAIN:** June Election Called

(Continued from Page 1) ed Britain into haves and have-

Mr. Kinnock said Britain's booming consumer economy, low inflation and declining interest rates had been achieved at the price of industrial decline and rising unemployment.

show the unemployment rate having decreased for eight consecutive months, it is still more than 3 million, or II percent — compared with 1.1 million, or 4.3 percent, when Mrs. Thatcher took office. "This election is about saving our country from industrial de-

cline, social division and the de-

struction of community services," Mr. Kinnock said. He challenged Mrs. Thatcher to a debate, which the Tories promptly declined. The centrist alliance of Social Democrats and Liberals con-demned Mrs. Thatcher for catering to wheeler-dealers. But David Steel, the Liberal leader, said voters

would also reject the "state social-ism which Mr. Kinnock offers." David Owen, leader of the Social David Owen, leader of the Social Democrats, said the alliance of-fered a "government committed to both the competitive market economy and a concerned, compassion-omy and a concerned, compassion-ballots were transferred elsewhere. omy and a concerned, compassion-ate society which would unite the

Talk of Labor and the alliance balloting are not expected for several days or even weeks.

Thatcher a majority in a "hung Parliament" has waned as the alliance balloting are not expected for several days or even weeks.

Mrs. Aquino campaigned vigorously for her candidates. Senate ance has become more frank about its hopes of displacing the Labor Party as the main opposition force,

Still, a dip below 38 percent in the total Conservative vote could cost Mrs. Thatcher a clear majority and open the way for her opponents to form a coalition. That is regarded as the major risk she takes in calling an election now.

By law, Mrs. Thatcher could have called an election as late as July 7, 1988. In deciding to go to the voters with 13 months left in her five-year term, she was responding to election fever in Parlia-ment and a series of good political and economic omen

These were capped by a strong Although government figures Conservative showing in local elec-tions Thursday, which in turn triggered a dip to 9 percent in bank interest rates and record trading in the stock market.

# **AQUINO:** Initial Returns

(Continued from Page 1)

year. Congress was abolished when President Ferdinand E. Marcos imposed martial law in 1972.

On Monday, former Defense Minister Juan Ponce Enrile, an opposition candidate for the Senate, accused the government of fraud. In a radio interview, he charged

Congress is scheduled to con-vene in July. Final results of the

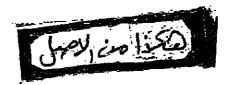
support is vital for passage of her legislative package, which is ex-pected to include land and eco-

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# **Prosecutor Reviewing Testimony by Abrams About Aid to Contras**

By Philip Shenon New York Times Service

looking at congressional testimony retary of state, and other govern- members of Congress say they do ment officials to find out if they not believe his demals. made false statements about aid to the Nicaraguan rebels, according to federal investigators.

Mr. Abrams has come under scrutiny, the investigators said, be- Oliver L. North, the former nationcause of his testimony denying goverument involvement in the private aid network, and because he initially failed to tell of his personal effort

the sultan of Brunci. Federal investigators said Mr. Walsh was also reviewing statements made to Congress by Robert C. McFarlane, President Ronald Reagan's former national security adviser, and by officials of the Cen-

tral Intelligence Agency.
Mr. McFarlane began testimony Monday before the special congres-sional committees investigating the

Mr. Walsh's intentions are not clear. While it is illegal to lie to intentionally false can be difficult.

One federal investigator suggest-ed that Mr. Walsh seemed likely to statements could then be described as acts that furthered a conspiracy to violate congressional restrictions Die erinoo no

Mr. Abrams, who oversees Latin American policies at the State Department, recently obtained a private lawyer, W. DeVier Pierson, to help him prepare for investigations by Mr. Walsh and Congress. Mr. Pierson said his client had not been contacted by Mr. Waish's staff. Lawmakers have repeatedly

questioned whether Mr. Abrams's WASHINGTON — Lawrence tra aid was accurate and complete.

E. Walsh, the special prosecutor in Although Mr. Abrams has denied congressional testimony about conthe Iran-contra affair, is closely involvement in the covert and apby Elliott Abrams, an assistant sec-the contras in 1985 and 1986, some

> They note that Mr. Abrams, an acerbic official who seems to relish battles with Congress, had frequent contact with Lieutenant Colonel al security aide who coordinated the contra support network.

Mr. Abrams has also been chairman of the Restricted Interagency to solicit a \$10 million donation for the rebeis, known as contras, from errorent officials, once including Colonel North, who helped coordinate contra policy. Lewis A. Tambs, who was ambassador to Costa Rica until January, said the group's core officers, including Mr. Abrams, directed him to lend support both to the contras and to the private Americans who were supplying them with arms.

"I didn't believe Abrams then and I don't believe him now," said Representative Peter H. Kostmayer, Democrat of Pennsylvania, a member of the House Foreign Af-Congress, the crime is rarely prose-cuted. Proving that testimony was quently heard testimony from Mr. Abrams. "I think he's up to his eyeballs in this stuff."

Other lawmakers, however, have use evidence of false statements to strongly defended Mr. Abrams. bring conspiracy charges. The Federal investigators said Mr. Walsh would review Mr. Abrams' appearance last Nov. 25 before a closed meeting of the Senate Intelligence Committee.

That testimony has not been made public, but a committee report on the investigation said Mr. Abrams was asked about "thirdcountry support" for the contras. He failed to mention soliciting \$10 million from the sultan of Brunei

last summer to aid the contras. At about the same time, Mr. full story.

# U.S., Bolivia in Joint Exercises No Anti-Drug Operations Planned This Time, Officials Say

By Tyler Bridges

LA PAZ — U.S. and Bolivian troops began joint maneuvers Monday in a region where drug officials say there are many cocaine processing laboratories.

A U.S. Embassy spokesman, Mark Jacobs, denied local reports that the 300 troops from the Southern Command, which is based in Panama, came to Bolivia to take part in raids against cocaine traffickers.

There's no connection between these exercises and any drug interdiction effort." he said.

Elliott Abrams

ing had any idea of any contribu-

"He said he did not feel he had

been asked a direct question and

transcript that his statements clear-

ly left a misleading impression,"

A congressional official with

knowledge of the committee's in-

after he was confronted with the

understanding over the testimony.

Forty-seven percent of Brazilian

the report said.

Other sources said the U.S. Abrams was quoted publicly as troops were in the area to frighten saying that "nobody in this build- drug traffickers.

"It's no coincidence where tions coming from a foreign gov- they've chosen to hold the maneu- Bolivia's anti-drug police. vers," a diplomat said.

In testimony before the Senate The joint maneuvers are schedhowever, Mr. Abrams was placed ern provinces of Beni and La Paz. under oath, acknowledged the Bruunder oath, acknowledged the Bru-nei donation, and apologized "for ny because 160 U.S. troops backed withholding this information," the by six helicopters spent three committee's report said.

by six helicopters spent three months in Beni last year helping Bolivian police conduct drug raids.

The operations provoked strong protests by the country's leftist po-litical parties, which considered them a violation of sovereignty.

The raids also caused prices for cocaine laboratories, eradicating



coca leaves to phummet as drug traffickers fled, leaving coca farmers with no one to buy their leaves. But prices have rebounded, said Colonei Freddy Reyes, who heads

Intelligence Committee on Dec. 8, uled for 11 days in the northwest- ed States and Bolivia are negotiatsubstantially reduce" trafficking.

Bolivia is second only to Peru as s supplier of cocaine to the United States. The agreement is said to foresee a three-year program cost-

The program calls for destroying

### coca bushes and helping farmers develop non-drug crops. The two countries signed a broad outline of the agreement on Feb. 24. Since then they have been arguing over how much aid the United States will give farmers who voluntarily eradicate their coca. Mr. Antelo said the two countries have agreed that farmers should receive \$800 for every acre (four-tenths of a hectare) that they Bolivia has asked the United

States to finance the entire amount, while U.S. officials have said the Congress will not agree to spend that much, Mr. Antelo said. 👉 Coca farming is legal in Bolivia. but the National Congress in La Paz is expected to approve legisla-

To renew the fight against the flourishing cocaine trade, the Uniting a program that Information Minister Herman Antelo said "will

ing \$300 million, paid for mostly by the United States.

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SANDEMAN FOUNDERS RESERVE PORT No Longer Reserved To The English.

### vestigation said Mr. Abrams ad-Outbreak of Legionnaires' Disease mitted to gaps in his testimony only transcript at a meeting with sena- Strikes 200 at Soviet Rubber Factory

An associate of Mr. Abrams said MOSCOW - More than 200 the account was inaccurate. It was Mr. Abrams, he said, who made the workers at a rubber factory in southern Russia were stricken with original effort to clear up the mis-Legionnaires' disease, which doctors had thought might be an outbreak of AIDS, the official daily Shortly after the November testimony, the associate said, Mr. newspaper Izvestia has reported. Abrams went to his superiors at the

State Department, received permis-sion to disclose the Brunei dona-mavir, a city of about 100,000 peo-syndrome, is a viral disease that tion, and, without prompting, went ple in the northern Caucasus leads to death, sometimes by pneu-back to the committee to tell the Mountains, are back at work al-Mountains, are back at work al-monia, through a breakdown of the though under medical observation, body's immune system.

the paper reported. But it did not say when the outbreak occurred or indicate whether any of the workers had died from the disease or how many still were hospitalized.

Legionnaires' disease, a form of pneumonia contracted from breathing in bacteria from contaminated water, is often fatal, AIDS.

# Help for Brazil's Poorest Poor

### Job Program Aids a Lucky Few Impoverished Teens

New York Times Service RIO DE JANEIRO - For two months earlier this year, Brazil's fantasy world of television soap eras and slick advertising was briefly interrupted each evening by cheaply made public service messages in which nervous black teenagers from a government welfare agency asked viewers to give them a

"They were disturbing ads, the kind that really make you think," said Cristina Miglioli, who runs a delicatessen in the Copacabana district of Rio de Janeiro. "People have to do their bit if things are ever going to get better here. We ed to take a chance."

A few weeks later, she hired Thomáz Alcantara, a wide-eyed, slightly built youth. He was abandoned by his mother when he was a month old and has spent the i? years of his life in government orphanages, preparing for what seemed certain to be a life of hardship and unemployment on the margins of society.

Under the experimental employment program sponsored by the Foundation for the Welfare of Minors, referred to by its Portuguese acronym, Funabem, Thomáz and 300 other teen-age boys have found jobs as a result of the television campaign. They now at least stand a chance of supporting themselves when they are thrust into the world

at the age of 18 by the agency.

They are among the lucky few.

Nationwide, some 550,000 minors are wards of the state. Even though they are often given vocational training in carpentry, graphics or mechanics, the fact that Funabem runs reform schools for juvenile delinquents as well as boarding schools for needy children means that many companies are reluctant

Those who have the social con-

PARIS -- U.S. Energy Secretary

John S. Herrington, citing the risk of a future oil-supply crisis, called

on other Western industrialized na-

tions Monday to move faster in

building emergency oil stockpiles.

ever, by some European officials,

who said more emphasis should be

placed on cutting oil demand and

Mr. Herrington said President

"A credible strategic oil stock-

pile serves as a deterrent to those

who might be tempted to use oil as

a political weapon," Mr. Herring-

ton told energy ministers from the

20 other members of the Interna-

improving energy efficiency.

His urging was countered, how-

science to call us up still usually ask first, 'Are they delinquents?' 'said schoolchildren never go beyond Angela Maria Vidal, who visits first grade, and millions of preteens companies interested in taking part crime, but they all carry that stig-

Yet even Funabem's wards, who are fed, clothed and educated until they are 18, might be considered fortunate compared with the estimated 36 million Brazilian children

'A child who is small, black and poor is by definition thought to be dangerous.

> --- Marina Bandeira, Welfare official

whom the government describes as "needy." Of these, around 7 million have lost all or most ties to their families and live or work on the streets of São Paulo, Rio de Janeiro

and other large cities. that links street children and street crime in the minds of many middleclass Brazilians. And since most poor Brazilians are black and most blacks here are poor, they are also

victims of racial prejudice. "A child who is small, black and poor is by definition thought to be dangerous," said Marina Bandeira, the president of Funabem, noting that over 90 percent of the children in the care of her agency are black. "The child then becomes 'the prob-lem' when the real problem is the social structure that exists in Bra-

in the new program. In fact, only tain single-parent families. In the about 5 percent of all Funabem countryside, children pick the children have committed any crops, but they are most visible in the major cities, where they gather to wash cars. clean shoes, sell fruit Rather than trying to deal with the problem of needy children by

building more and bigger welfare institutions, however, Brazil's new civilian government has decided to address their main concern - their

"A child is much more likely to be accepted by his family if he | vio Ramazzini, who is in charge of Funabem's employment program.

Because Brazil's Constitution prohibits children under the age of 12 from working, the hundreds of thousands of working preteen girls and boys fall outside the scope of the government's plans.

In the past, companies were re-luctant to hire unskilled teen-agers because the law required that they be paid as adults. Last December, though, Presi-

reets of São Paulo, Rio de Janeiro dent José Sarney signed a decree that, once backed by legislation to put it into effect, will oblige all companies to hire minors on a quota set in proportion to their total staff. As an incentive, companies will be allowed to pay them half the minimum wage for half a day's work and will not be required to make social security contributions.

The positive response from companies in Rio de Janeiro to Funabem's "Hire a Minor" experimen has encouraged officials to extend the program to other states.

"We've been overwhelmed by the demand, which has forced us to organize ourselves properly." Mr. Ramazzini said. "Now we're also able to serve as an employment bureau for youths who are not from

### In San Francisco, your preferred choice is The Stanford **Court Hotel**

"The more relaxed energy situation we have today is largely as a result of our ability to curb our demand for oil." he said, adding that it would be through this continued active pursuit "we can hope to avoid ever having to use our

tional Energy Agency. The ministers met to discuss a wide range of energy issues, including the longer-term effects of the

U. S. Presses West to Speed

**Building of Oil Stockpiles** 

1986 oil price collapse on Western energy security. No major new initiatives were

Mr. Herrington said that while the countries as a group were meet-

stocks equal to at least 90 days of domestic consumption, some nations were falling short. He did not mention any countries by name, but Britain and France are believed to be among a small number of members that fall well below the 90-day Figure. Nicolas Mosar, the energy com-

ing the agency's goal of holding oil

missioner of the European Community, told the meeting that too much emphasis was being placed Ronald Reagan was committed to on building oil reserves for use in a more rapid buildup of U.S. emeran emergency and too little on cutgency stocks, but that some other ting oil demand.
Western countries were lagging be-

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# HAVENTOU

tion in August outlawing it except

Bolivians have chewed coca

leaves for centuries to ward off

hunger and cold. They have been

planting coca to be processed into cocaine only in the past 15 years to

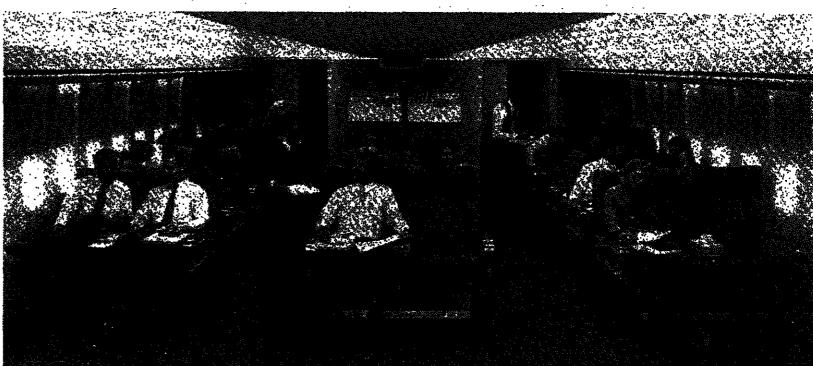
meet the rising U.S. drug demand. The legislation would prohibit

coca growing in the Chapare, a

small region that Colonel Reyes

said produces two-thirds of the country's 60,000 acres of coca.

in traditional growing areas.



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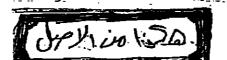
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# For Anglican Church, Time of Empty Pews

By Francis X. Clines

New York Times Service FERRYHILL. England - As usual, the Church of England's attendance this oright spring Sunday morning was somewhere below 3 percent of the population, anemically, alarmingly low in the view of the bishop of Durham, who presided from the pulpit of St. Luke's

"All nations know His church is hearth and home," the congregation sang out strong here in the rustic North, vying with the singing of birds and the cry of a handsome newborn baby.

For this nation, such hearthcomforting knowledge of church has been slipping relentlessly for the last three decades, in which nearly 2,000 of the 16,000 Anglican churches have been closed because of disuse. Attendance has fallen to among the lowest of avowedly

### ETA Attacks French Firm

URRECHU, Spain - A police robot detonated a bomb left outside a showroom displaying French cars in this Basque town Monday. the police said. They said the separatist guerrilla group ETA, for Basque Homeland and Liberty. claimed responsibility for the attack on a Talbot showroom. The explosion broke the eardrum of a woman who lived in the building. that the Church of England was the virgin birth and the empty tomb of simply there to exist."

4

ly in the position of a historical Tory Party at prayer, the current Christ, saying Jesus's divinity was hangover," said the bishop. David joke is that it has become "the Allinot dependent on their literal truth. E. Jenkins, sipping tea after officiating at some of the church's ever what critics depict as a blurred. more precious baptism and confir-

"It is not now the case that En-

centrist, amorphous enterprise. Actually, the church of recent mation services. years has seemed far more direct gland is a Christian country," he than that in the area of social is-

With only 3 percent of the people regularly attending the Anglican Church, 'It is not now the case that England is a Christian country.

- Bishop David E. Jenkins

ance party in the wilderness" -

said. He pointed to the attendance figures and rather gently predicted that some day disestablishment will prove inevitable — that the history Christian countries.

"The Church of England is large"The Church of England is largeof Henry VIII will be unraveled more become separate.

This was a typically bold, contentious observation from Bishop Jenkins, who is one of the most outspoken cleries in the church and whose views are often headlined as controversial in the press.

But it seems surprising that the views of any churchman could ever much rankle a public in which 97 out of 100 do not bother with the established church, except perhaps at Easter and Christmas.

In contrast to the old bromide

MONDAY

TUESDAY

FRIDAY

SATURDAY

SUNDAY

sues, at least, if not doctrine. The bishops have become much more outspoken toward government. which by law still retains theoretical control over the church through parliamentary veto power.

The bishops' strong criticism of backs and pro-business economic policies drew a protest from Prime Minister Margaret Thatcher two years ago that the church was becoming partisan.

Church leaders nave not metre treated since, although some deacons are overworked by task of stretching 298 clergymen across the diocese's 308 churches. too eccentric and pungent to be helpful.

questioning of the doctrines of the

DEPART PARIS

DEPART PARIS

But others will never forget a dramatic speech he made last year defended his position by warning

before the church synod. In it, he that people have trouble comprehending the simplistic notion of a selective, miracle-working. laser beam" God who failed to prevent

the Holocaust catastrophe, Here, however, in the vibrant northern country poised between palette-perfect hills and depressed old mining communities, the bishop, who is 62, seems more a harassed church manager in hard times than a quotable iconoclast. "I'm still at it." he said of his 33 ears in the clergy.

The diocese of Durham has come

a long way from medieval times when its bishop ruled as absolute church and secular master by dint of doctrine, battle sword and prison dungeons. Church files now are kept in the dungeons at Auckland Castle, the 75-room fortress where inner-city problems, welfare cut- the bishop resides, and Bishop Jenkins only vaguely recalls where his More relevant to his needs are

how to plan for the drastically shifting church when his staff of "Management is foreign to the

DEPART LONDON 1930 ARRIVE TOKYO 1510

DEPART LONDON 1930 ARRIVE TOKYO 1510

DEPART LONDON 1930 ARRIVE TOKYO 1510

WEDNESDAY DEPART LONDON 1930 ARRIVE TOKYO 1510

SCHEDULE EFFECTIVE FROM JUNE 1st. EVENING DEPARTURE

TIMES ALLOW EASY CONNECTIONS FROM OTHER EUROPEAN CITIES

AT THE ENDOF

ONLYONE

AIRLINE FLIES

NON-STOPIC

TOKYO.

church," he said, describing a che-Some will never forgive his open rubic sort of establishment fatalism. "The Church of England is ship of Soweto.

2040 ARRIVE TOKYO 1525

2040 ARRIVE TOKYO 1525

Winnie Mandela is defending her right to build this two-story bome in Soweto, the black township near Johann

# Winnie Mandela Building Luxury Home

By William Claiborne

JOHANNESBURG - Winnie Mandela, the anti-apartheid activist and wife of the imprisoned nationalist leader. Nelson Mandela, is being criticized for building a large home for herself in the black town-

The five-bedroom, two-story said, "Some say it is right that the

house, which reportedly will have a swimming pool and elaborate gardens, is nearing completion on a who represent the poor to live like the relatively upscale section of Soweto called Beverly Hills, not far from large lot near thousands of tiny two- and three-room matchbox houses of the kind that most of Soweto's 2.5 million blacks occupy.

The leftist Johannesburg maga-zine, Frontline, describing Mrs. Mandela as "the new royalty."

whether this is to be a State House, gest daughter. Zinzi. or in whose name is it owned? They ask where is the money coming Mrs. Mandela said that she is building the house with royalties

banned in South Africa, and with money from a trust fund set up by Mrs. Mandela, in her statement, reacted to the press criticism by

from her biography, "Part of My Soul Went With Him," which is

saying that "enemies of the people" are attempting to divide blacks. She added, "There are concerned

fellow South Africans who believe that our leaders deserve even better than what I have done for Mandela. They formed a trust which has built Mandela's house." The Johannesburg Star, describ-

ing the new house as "fit for a queen," gave a room-by-room description of five upstairs bedrooms with attached bathrooms, a family room, living room, conference outdoor toilets and only fairly re-room, dining room, two studies and cent efectric service. Rent is about room, dining room, two studies and

The price has not been disclosed.

who represent the poor to live like called Beverly Hills, not far from the small brick house where Mrs. It added that Sowetans "ask Mandela now lives with her youn-

> Blacks are not allowed to own property in the townships, but if they can afford it, they may build their own houses on property obtained through a 99-year lease.

> In addition to the small Beverly Hills neighborhood, Soweto has a section called Protes North in which scores of well-to-do blacks are building houses costing more than \$100,000. Some of the owners are black entrepreneurs and others executives working for companies with affirmative action programs.

It is not uncommon to see Mercedes-Benz sedans parked in front. and the children frequently attend integrated private schools in the white suburbs of northern Johannesburg or private schools abroad.

However, the majority of Soweto houses consist of two or three small rooms crowded with extended families of 12 or more people, with \$20 a month, and utilities add another \$30 monthly.

# Graham Greene Says He Visited Philby in Moscow

LONDON - Graham Greene, the British novelist, has been quoted as saying he has exchanged letters and met in Moscow with Harold (Kim) Philby, the former British intelligence officer who spied for the Soviet Union for 30 years.

Asked if he could forgive his old friend for "having lived such a lie," Mr. Greene told the British press he could because Mr. Philby had been fighting for a cause he believed it.

"He wasn't doing it for money," Mr. Greene said. "And as for living a lie, how many lies is Reagan living? Who doesn't

tics? He knew Mr. Philby from World War II when he did intelligence work in Sierra Leone and Mr. Philby was his controller in London.

Mr. Philby, who at one point headed Britain's anti-Soviet intelligence operation, left the British intelligence service in 1955. He then worked as a jour-nalist and continued his spying until he fled to Moscow in 1963.

Mr. Greene, who wrote an introduction to Mr. Philby's 1968 autobiography, "My Secret War," said he began to correspond with him in the late 1960s. He said he met Mr. Philby, 75, in his Moscow apartment in September while



Harold (Kim) Philby

visiting the Soviet Union at the invitation of the Soviet Writers Union.

The author, 82, returned to Moscow in February for a disarmament conference and met Mr. Philby again. Mr. Greene said Mr. Philby was in "good shape" at their second meeting. having recovered from an illness for which he had been hospitalized. He did not say what the illness was.

# **Emmanuel Vitria Dies**; 1968 Heart Recipient

MARSEILLE - Emmanuel Vitria, who lived a record 18 years with the heart of another man, died Monday at age 67. He died two weeks after he was

admitted to a hospital in Marseille with dilation of the heart's ventrical arteries. On Nov. 27, 1968, Mr. Vitria received the heart of a 20-year-old

sailor, Pierre Ponson, who was killed in a road accident. He told an interviewer in 1975: I get an extra thrill out of everything I dc. I am the happiest man in

the world." He became the longest-surviving heart transplant patient in 1977 when an American woman who had been operated on a month be-fore him died of a heart attack.

Mr. Vitria, a fast-talking, jaunty man, ignored his doctors' recommendations to give up smoking and drinking. But out of respect for the donor's parents, he turned down a large cash offer to smoke a cigarette in a television advertisement. Dr. Christian Barnard, the South African surgeon who pioneered

Mr. Vitria and expressed astonishment at his lifestyle, which included a daily intake of alcohol and an appetite for rich food. Mr. Vitria's doctor, Dr. Raoul Monties, said Mr. Vitria's endurance was an important and encouraging development for cardiac sur-

gery and the donation of body

heart transplants in 1967, once met



"He was the first to show it is possible to live for such a length of time with someone else's beart," Dr. Monties said.

Mr. Vitria had suffered illne unrelated to his transplant, before he was hospitalized last month. In 1981 he tripped over a paint can, fell down two flights of stairs and broke an arm and a leg. He was

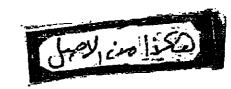
operated on, and his donor heart bore the strain of an operation under anesthesia. He left the hospital after 42 days.

The only time he ever admitted to heart strain was when he went to

watch his favorite team, Olympi-que Marseille, play soccer, "It really gives me heartache when they play badly," he said.



6 TIMES A WEEK.



# ARTS/LEISURE



Gil Evans: Still out there, making modern music.

# Lone Arranger's European Tour

By Mike Zwerin International Herald Tribune
ARIS — Gil Evans helped create the big band sound of the 40s and continues to create it today. He has been called "The Lone Arranger." "Duke Ellington's son" and his name's apt anagram "Svengali." Evans is celebrating his 75th birthday tomorrow by beginning a European tour at the Hammer-

Morrison, Steve Lacy, Flora Purim and Airto Moreira as guests. His 15-piece band has been a Monday fixture in New York's es. The stone-gray hair frames a Sweet Basil for more than four years. Although the club, is small and the pay minimal, regular members have included such stars as John Abererombie, John Scofield, of eternal youth." Jon Faddis, Jaco Pastorius, George Born in Toronto on May 13. Adams, Hiram Bullock, David Sanborn and, last month, the Po-

lice star Sting singing "Angel," fornia, where he worked as a pia-"Stone Free" and other Jimi, Hennist and learned the arranger's drix material in the band's library. craft. He led his own band in Bal-The music depends on who shows up, and Evans may not know who until they arrive. Like Elling-Hope radio show. ton, Evans is a casting director more than a disciplinarian - he In 1941 he went to New York to affects the music by his presence. He chooses musicians for their

or less let loose. 'We don't even need written nusic anymore." Evans told Down

smith Odeon in London, with Van

or I strike a chord and away we'll rhythm - was moving at minimum Money," but, still, his 75th birthvagueness. If it looks like we're tee- The sound hung like a cloud." tering on the edge of formlessness, somebody's going to be so pan-icked that they'll do something about it. I depend on that. If it has to be me. I'll do it, but I'll wait and wait because I want somebody else to do it. I want to hear what's going

to happen. The first thing you notice about him are his big ears, like radar dishcraggy face that somehow defies chronological age. Evans, who once called convenience "the worst addiction in the world," personifies the dictum: "Insecurity is the secret

1912, he moved to Southern California, where he worked as a piaboa from 1936 to 1939 and remained as arranger when Skinnay Ennis took it over to play the Bob

write for the Claude Thornhill orchestra, which won two successive flaws as well as attributes. Once Billboard polls in the "sweet band" there is mutual trust, they are more category. Debussy flirted with Charlie Parker on Evans's version of "Yardbird Suite" (featuring Lee Konitz). As Evans describes it, "Everything — melody, harmony.

the players not to be terrified by the be used to distract from that sound.

toric Miles Davis "Birth of the Cool" nonet in 1948. In the '50s it evolved into "Porgy and Bess" and series of classic big band albums cian say anything bad about Gil. like "Out of the Cool" and "Priestess" in the '60s and '70s, "Svengali" transmuted Jelly Roll Morton's 'King Porter Stomp," Bix Beiderbecke's "Davenport Blues," Dizzy Gillespie's "Manteca," Kurt Weill's "Bilbao" and John Benson Brooks's "Where Flamingoes Fly" into hanging clouds of sound. The clouds flew into electric storms in 1974 when he explored the symphonic implications of rock on the album "Gil Evans Plays Jimi Hen-

But a sound cannot be copyrighted and although his was widely reproduced in film music (James Bond movies, for example), commercial jingles and by other bands. Evans basically lived from his U.S. once admitted that his New York senior citizen's public transportacent recognition has included a Na- out there making modern music." tional Endowment for the Arts grant and soundtracks for "Absolute Beginners" and "The Color of and Switzerland, May 18-30.

go, improvising ensembles and everything was lowered to erything for 10 or 15 minutes. I tell create a sound, and nothing was to who is writing the first biography of Evans. Laurent Cugny, a band-The sound matured when Evans leader and arranger, who plans to became musical director of the his-"an angel. I can't think of a better word. He talked to me for bours about hundreds of musicians and "Sketches of Spain," featuring Da- he hasn't a bad word to say about vis, Evans's only hit records. On a any of them. I never heard a musi-

> "The only people he's had problems with are record producers. He calls them greedy and they accuse him of being an inefficient perfectionist. Ironically, his music is rarely perfectly executed. Like Ellington's, it does not require 'perfection.' When he tells you about his life, you begin to see he's DOONESBURY always been a victim of the system. For example, he received no royalties for 'Sketches of Spain.' He wanted to record with Louis Armstrong, whom he worshipped, but it never happened. And Jimi Hendrix's death ended discussions for a joint project.

"Gil keeps talking about all the things he couldn't do, but when you Social Security check for years. He step back and look at his life you realize that he has somehow overcome everything. He is not a loser tion pass came in handy. More re- but the ultimate winner. He's still Gil Evans tour: Britain, May 13-16: France, West Germany, Norway

acroix: A Parisian in Dallas

N EW YORK — Christian La-croix, the new couture designer on the Paris scene, has not shown a collection yet, but he is being courted right and left by the American retailing industry.

During a recent 10-day trip across the United States, he was wined and dined by all the major specialty stores and shops, including Saks Fifth Avenue, Blooming-dale's, Bergdorf Goodman, Neiman-Marcus, L. Magnin, Barney's

### HEBE DORSEY

and Martha. "They haven't seen a thing yet," Lacroix marveled, "and they all want to sign me up." Besides the restricted, elitist couture collection to be shown in July in Paris, where he has opened up in a town house in Rue du Faubourg Saint-Honoré, he will offer two lines: a pre-couture and a ready-towear. Pre-couture will be a special deluxe range. "It corresponds to Jean-Jacques Picart, and the com- means nothing if it is not made Paris, and the stores are most excited about this line."

\$4,000); and pre-couture's prices their meandering, they took in Jimwill start at around \$2,000. Howevery's a boutique in Brooklyn er, the ready-to-wear will be much more affordable, with nothing over and Ungaro. It's unbelievable, this 3.500 francs (\$600).

the middle of Brooklyn." Picart Pre-couture will be closely tied to couture "both in spirit and shapes. It will be both traditional and huxurious. Ready-to-wear will follow the technique of mass production," he added. "It will be simple with pretty fabrics and colors but not

too serious." Lacroix was traveling with his business partner and image maker Even the best European collection



Lacroix goes west for "a little bit of show-off."

the American mentality and fits within their price range, "he said. "All the clothes will be made in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"All the clothes will be made in in New York and Los Angeles be"You see immediately who is going in the said."

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"You see immediately who is going in the said."

"You see immediately who is going in the said."

"You see immediately who is going in the said." fore, but they had never been to Dallas, Houston or San Fransisco. Lacroix will show pre-couture in Before they started, it was clear September and ready-to-wear with they were not aware of the enorthe rest of the Paris pack in Octo-mous scale of the market, but after ber. Hante couture prices will start thinking they could "do" Dallas in at 25,000 francs (a little over one day, they quickly caught on In my's a boutique in Brooklyn "which sells Gaultier, Montana

> "We learned a lot already," Lacroix said. "We asked all these retailers their reaction to European exports, and, chiefly, who does the best job at manufacturing and dis-

> eclectic choice in a boutique lost in

tributing. The team hit on a vital point.

for different stores, according to Lacroix. One of their most exciting contacts was the specialty shop Martha which with boutiques in New York and Palm Beach and Bal Harbour, Florida, makes a killing at the luxury level. "We'll make an exclusive, very expensive, embroidered collection just for her, because she has the clientele," Picari

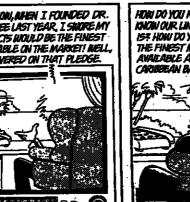
Running around American stores, Lacroix and partners, who often sounded like innocents abroad, also discovered that 'American ready-to-wear is excellent. We've seen wonderful cotton clothes --- easy, casual. Americans have the sensibility for making practical, unpretentious, uncomplicated clothes. The Calvin Klein's countre for Bergdorf is fantastic. At Martha, Bill Blass's collection is superb, with terrific embroidered skirts, "Lacroix said. He also found out that, unlike European collections, which often seem to

At the end of his trip, Lacroix The ideal would be for us to have was impressed by American kindour own production and delivery ness. "We've been regally entersystem, like Chanel," Picart said, tained," he said. Professionally, he "but it's still too early in the game." learned that he will have to work Lacroix was looking closely at "American - just like Bill Blass or GFT (Gruppo Finanziario Tessile). Oscar de la Renta. This means not an Italian manufacturer who has only in deliveries but style as well."

done a superb job with Valentino. He noted that the West Coast is

Ungaro and Armani and recently far more colorful and flowery than signed up Montana. "But they just the East. "Ungaro is a landslide took over Montana and Dior," Pi-here," he said. He also discovered cart said, "so they may be over- that the American market needs a worked as it is." Their next choice lot of cocktail and evening wear would be the Girombelli group, "because Americans go out a lot, which produces its own successful There is a very dressy, very chamlines, Genny and Byblos. However, pagne side to American fashion, a its handling of the Claude Mon-little bit of show-off to which we're tana collection, with which they not used over here. This will be severed ties recently, was not a suc-wonderful for me because that's just what I love," said the designer There will be special collections who put the pour on the map.







cause after certain dates, they know

that women won't buy any more.



Beat magazine, "Hiram [Bullock] The BMW 7 Series

# With some investments, the dividend is pure pleasure.

After any investment, there comes a period of assessment. Fortunately, in the case of the new BMW 7 Series, it's invariably a very

satisfying time. As you discover the pleasure of relaxing travel in a car whose interior is one of the quietest in the world, whatever your speed.

You sit back completely at ease in the driver's seat with the reassuring comfort of its sophisticated multi-zone padding.

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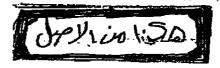
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twisting stretches. Quite simply, the new BMW 7 Series means pure driving The ultimate pleasure - every day of the year.



machine



# **Toward a Conference**

the Middle East? Suddenly one looks possible. Preparatory consultations, moreover. have trimmed some of the inherent big risks. The idea could yet be stillborn in Israel,

whose two governing parties are in conflict on it. Likud has a fundamental resistance to entering any process that would get in the way of annexing the West Bank, as any serious initiative must. But Labor, which is open to territorial compromise, has gone far to meet worthier objections and in particular to ensure that a conference would quickly launch direct face-to-face negotiations and that it would not be empowered to impose a settlement. If Labor cannot win Likud's conference consent inside their coalition, Labor will break up the government and take the chance of forcing new elections.

Conceivably the key issue of Palestinian representation was eased by the recent PLO conference in Algiers. Yasser Arafat, by uniting the PLO around a diplomatically disqualifying hard line, left room for King Hussein to put "authentic" but accommodationminded West Bank Palestinians into a Jordanian delegation. Meanwhile, a formula that American diplomats helped draft would meet Arab imperatives by inviting the PLO while meeting Israeli imperatives by requir-

ing any Palestinians actually participating to accept Israel and renounce terror. As with Israelis, the dispute among Palestinians about whether to start down the international conference road is far from resolved.

American reluctance to admit Moscow to big-league Mideast diplomacy has been somewhat diminished by steps taken to limit the powers of a conference. Israeli reluctance to admit Moscow is starting to melt under Moscow's new readiness for diplomatic contacts and under improvements in Jewish emigration figures.

The 20th anniversary of the start of the 1967 war comes on June 5. What drives the search for Israeli-Palestinian peace is not so much a single urgency as a pervasive now-ornever sense that it is pointless and dangerous to let the status quo endure. King Hussein, who has been talking to Syria, is ready to sit down with Israel's Shimon Peres to create the fact - the half loaf - of a Palestinian homeland federated to Jordan. This conference idea grew in the vacuum created by the Reagan administration's default on its own Middle East plan of 1982. Still, the administration, eager for political as well as policy reasons to recoup, has provided quiet help. A conference is worth pursuing, cautiously.

- THE WASHINGTON POST.

# More Aid, Less Control

The Reagan administration is undermining two international agencies which between them provide almost one-quarter of the multilateral aid for Third World countries. It does not want the Inter-American Development Bank and the Asian Development Bank to expand lending unless they do it Washington's way. But at a time when Latin America's debt burden threatens a world crisis and Asia's poor ache for help, what is the administration trying to prove?

Both banks were founded in the 1960s to give regional focus to the concept of neutral, multilateral aid programs. The World Bank's success was the model, and that bank still supplies half of the approximately \$30 billion in annual multilateral aid. The two regional banks rank next largest. Governments in their respective regions contribute to the banks and borrow from them. The United States, Japan, Canada and West European governments are substantial contributors.

Periodically each bank needs more money. That time is now, but Washington resists. The administration agreed earlier this year to help expand the Inter-American

Bank, but has now withdrawn its offer. Explanation? The Latin members will not give Washington effective veto power over all loans. In the Asian bank, the United States is wrestling with the Japanese. They have equal voting power, although Japan contributes more. Now Tokyo wants to provide still more and to have dominant voting power. Washington counters by holding out for an overall review and revamping of the bank's lending policies.

In President Reagan's first term the administration disparaged multilateral aid agencies and squeezed their funding. Its charge was that the banks were run by softheaded bureaucrats. James Baker took a more enlightened view when he became secretary of the Treasury, but now he, too, seems to insist that the banks should follow Washington's dictates. That may have worked when the United States was the unchallenged number one power in the industrial world. Today it looks like a desperate defense of waning power over nations that have earned the right to share it.

- THE NEW YORK TIMES.

# A Budget Compromise

Early in the year the White House said it would not deal on the budget until the Democrats declared themselves and confessed what they were for, instead of merely saying what they were against. Now the Democrats have done that. Similar budget resolutions have been adopted by the House and the Senate over Republican resistance. There is still a conference to be gone through, but the outlines of the Democratic position are clear.

The deficit this fiscal year is likely to be about \$180 billion. Except through the fluffy assumptions and resort to asset sales in the president's budget, the Gramm-Rudman target of \$108 billion for next year is unattainable. The Democrats responsibly acknowledge that and adopt an intermediate target of about \$135 billion, which, the tightening that the economy can stand. To get there they propose a modest tax increase of \$18 billion and net cuts of about \$8 billion from the level that domestic spending would otherwise attain.

The House would also freeze defense spending. The Senate would let it rise with inflation and pay for the increase by shifting around about \$7 billion in rural electric coop loans. Our sense is that the House defense budget is a little tight, the Senate plan a little more generous than the government can cur-

rently afford. But that is fine-tuning. The budget resolution will not go to the president; it is Congress's own document.

But the next steps are to pass the implementing legislation - a tax and so-called reconciliation and appropriations bills - and these do go to him. So the president has to become involved again; the question is how. The Democrats continue to invite him to

bargain. "I hope he will come to the table," says Senate Majority Leader Robert Byrd. "A bipartisan budget is in the best interest of the nation." Bob Dole also says it is time to talk: "Now is the time for us to start sitting down together to see if there's some common ground between the Congress and the administration." The assumption is that White House Chief of Staff Howard Baker will also be an advocate of compromise; that was one of the reasons for the great sigh of relief when he was appointed earlier this year.

questions of defense vs. domestic spending and spending cuts vs. tax increases, but the issues: which cuts and what kind of tax increases. The alternative — the veto — may be good theater, but it is ragged government. The Senate Democrats propose to send the president a defense and tax increase in the same bill, so that he can kill the one only by also killing the other. It is ridiculous to have to resort to such devices. The question is how much of the deficit that the president has created in the strong pursuit of his priorities he will now clean up before leaving office. What will be Mr. Reagan's legacy?

- THE WASHINGTON POST.

# **Other Comment**

### **Bad News From South Africa**

The South African election result comes as no source of comfort for the Republic itself or for the region as a whole. The surge of support for the far right deals a severe blow to the slim hopes that the ruling National Party would revive the stalled reform process, while the likelihood that Pretoria will play an even more aggressive destabilizing role in southern Africa increases. President P.W. Botha may continue to talk of reform, but the record of the last two years and the nature of the election campaign calls into question his commitment. - The Financial Times (London).

### **Mideast: A Time for Caution**

For a decade, America has been dominant in the Middle East, while the Soviet Union has been struggling to hold on to what allies it had. That situation is changing, and chang-ing at a time when the ultimate prize of access to the vast oil reserves of the region is becoming of increasing strategic importance because of the diminution of Russia's own

supplies. The Soviet Union of Mikhail Gorbachev, it seems, would be willing to pay the price of recognition of Israel and increased freedom for Jews to emigrate in return for a place at the conference table.

But peace in the Middle East is not merely a prize to be fought over by the two superpowers. The next world war might easily begin there. Almost all countries have an interest in encouraging a settlement, and because every country has a concerned minority given to vocal expression of its views, this is more than ever a time for caution. - The Independent (London).

### Presumption of Innocence

As Klaus Barbie appears before his judges, and at the same time before the public via Eurovision, there is cause for moderation and composure. This case, which is to go on for eight weeks, involves in the first place a man who, it needs recalling. is presumed innocent until the hour of the forthcoming verdict. So says the law.

- Jean-Marc Théollevre. writing in Le Monde (Paris).

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# **OPINION**

that growth is not only necessary but

supplies of raw materials is not valid.

# The Environment Is About All the People

By Shridath S. Ramphal

 $L^{
m ONDON}$  — As one who came to the World Commission on Environment and Development from a "development" background, I started with reservations about the environmental movement. It had emerged essentially within post-industrial so-cieties. Having achieved affluence, people in these societies wanted to concentrate on the quality of their lives: clean air and water, preserving the countryside for leisure, more bicycles and fewer trucks in cities, say-

ing whales and seals.

All laudable, if somewhat late, these concerns were far removed from the orgent preoccupation of the majority of humanity with basic liv-ing standards and, in some cases, with survival itself. When northern environmentalists looked to the south, they sometimes seemed more concerned about pandas than people.

It soon became clear to me that such reservations were an indulgence; that environmental degradation, poverty, the uneven distribution of wealth and power, and the selfish pursuit of sectional interests were different aspects of the same problems.

While the commission was meeting, news of environmental disasters rained in on us from developed and developing countries alike: Bhopal, Chernobyl, the Rhine chemical spills, forest destruction in northern Europe, and the human and ecological catastrophe in Ethiopia and elsewhere in Africa. The message was clear: The world held no sanctuaries. Neither the excesses of wealth nor those of poverty could be quarantined.

For developing countries, poverty lies at the heart of it all. Poor people often destroy their environment not because they are ignorant, but to survive. They overuse thin soils, overgraze fragile grasslands and cut down dwindling forest stocks for firewood. In the context of the short-term needs of individuals, each decision is rational; over time, the cumulative effects

PARIS — As it starts up this week in Lyon,

by apprehensions and expectations equally over-

rated. Barbie is not up to the morality play which

has been mounted about him, nor is he worth the attention accorded him by the world press.

From 1942 to 1944 Barbie was a zealous young

policeman who, according to witnesses, took a personal part in torturing his clients. There are a

million like him. His superiors noted that he "goes

French that patriotic lies surrounding the wartime Resistance will be exposed, and hidden crimes of

collaboration revealed. This is the argument of

Barbie's lawyer, Jacques Verges, who intends to

turn the trial around and accuse Barbie's accusers

of the hypocrisy of trying him for crimes resem-

bling those committed by French soldiers and

Mr. Verges may also be expected to attack the

hypocrisy of the United States, Barbie's employer

from 1945 to 1951, and possibly afterward. Ameri-

cans today condemn Barbie, expel ex-Nazis to the

Soviet Union and ban the president of Austria

from America's shores for his Nazi connections

but in those days they recruited Gestago officers

and fitted them out with new identities to soy on

Communists. Mr. Vergès lives, professionally, for

the sake of provocation. It might be said that his

He says that France observes a "theology" with

was a marginal affair beset with dissension and

WASHINGTON — When the president of Guatemala, Mar-

co Vinicio Cerezo, visits the White

House this week, President Ronald

Reagan is likely to use the occasion to

comment on the advances of demo-

cratic government in Latin America.

Yet this should also be an occasion

for attention to the weakness of most

of the new democracies in dealing

The clearest indication of that

weakness has been their inability -

Argentina is the exception — to pro-

secute members of the armed forces

for even the most appalling crimes

with their own armed forces.

practice is built on the hypocrisies of others.

officials during the 1954-62 war in Algeria -

crimes later amnestied by the French state.

His trial is supposed to inspire fear among the

straight to the point and likes action."

the trial of Klaus Barbie is accompanied

The writer is secretary-general of the Commo

are disastrous. Deforestation, desertification, soil erosion and the growing number of the hungry and destitute

We know now that growth need not be environmentally degrading, but can instead create the capacity to - these are the consequences. Pover-ty is both a cause and an effect of solve environmental problems. And growth is absolutely necessary to overcome widespread poverty. Not environmental degradation. But one must not move from that so long from now, there will be super-imposed on present needs those of a insight into imagining that the developing world is the main source of global pollution. There are extensive vast additional global population perhaps as much again as the world's current population, with 90 percent environmental problems in developed countries, resulting from the use of the increase occurring in the Third

World. How else, without growth, of chemicals in agriculture, from the can we hope to cope? Developing countries must expand their economies by at least 5 percent annually if they are to escape the pov-erty trap. Such growth will mean a fuels and from industrial pollution. Global threats posed by damage to the ozone layer, by the build-up of "greenhouse" gases and by nuclear accidents originate overwhelmingly rapidly expanding world economy.

The implications of such increases in the industrial countries. And of in population, production and pol-lution — lead many to despair. The course this is to say nothing of the

right to life by the arms race. Because its report focuses on poverty, the commission makes what some will see as its most unorthodox demand: a call for a new era of economic growth, turning upside down the envi-ronmental dogma of the 1970s.

gravest threat of all: that posed to the

needs of the present without compro-mising the ability of future genera-tions to meet their own needs." The requirement that growth be sustainable is an injunction to all countries. The ability of future generations to meet their needs can be compromised as much by the excesses of industrial and technological development as by the environmental degradation that results from underdevelopment.

The way to sustainable development will require vision and internationalism. These may now be in short supply, but they cannot forever be smothered by disrespect of powerful states for multilateral institutions and rules, by lack of support for in-ternational financial institutions, and by reluctance to recognize the global commons - the oceans, Antarctica feasible. The assumption that growth must be curbed because of limits to

and space — as a human heritage. The 22-member commission, he ed by Prime Minister Gro Harlem Brundtland of Norway, also looked to a hardheaded recognition by all concerned that if rich and poor do not work together to achieve sustainable development, the environment of the planet could be wrecked.

In 1980, the message of the Brandt ommission was that mutual interest bound rich and poor countries together. The Brundtland Commission gives this message powerful reinforcement in its clear warning that if the world is to save itself from environmental catastrophe, it has to be more serious about ending poverty worldwide. A philosophy which accepts that "the poor are with us always" is one that reatens the rich as well.

The writer, a Brundtland Commission member, contributed this comment to the International Herald Tribune.

things long ago settled, for better or for worse.

The Barbie trial is supposed to remind the

world of Nazi crimes against humanity, and help ensure that Nazism will never happen again. But

has any serious person in the West forgotten

Nazi crimes against humanity? And who is so

foolish as to think that something like those

crimes will never happen again?

The trial of Adolf Eichmann, 26 years ago, was significant because it made people understand

that what had happened in Germany between 1932 and 1945 was not a unique eruption of evil from some satanic underworld but was the work

of political zealots - some idealists, in their own

opinion - served by dutiful clerks, bureaucrats,

and by soldiers "only following orders."

Not everyone liked this lesson in the banality of

evil, to use Hannah Arendt's celebrated and furi-

ously controverted phrase. The thesis of unique

evil was far more attractive because it consoles the

victims and excuses everyone else. A "unique" evil,

by definition, can never happen again. We our-

selves, it is implied, could never have become

involved in something so out of the ordinary, and

hence need not worry about becoming responsible

for something like it happening ever again.

A French commentator, André Frossard, wrote

the other day that a "crime against humanity,

which is what Barbie is accused of, occurs when

"one kills someone for the sole reason that he was

born." That seems to me a profound observation.

Barbie, however, gives no sign of being a meta-

and torturing them, and shipping them off to the

camps, because it was all in a day's work. He

deserves what he will get, but I don't see that

International Herald Tribune

C Los Angeles Times Syndicate.

anyone will learn much from it.

# Substitutes, progress in energy-saving and developments in microelectronics, If Sustainable Progress Is to Be Achieved

F IRST and foremost, this Commission has been concerned with peopleof all countries and all malls of life. of all countries and all walks of life. And it is to people that we address our report. The changes in human attitudes that we call for depend on a vast campaign of education, debate and public participation. This campaign must start now if sustainable human progress is to be achieved.

The members of the World Commission on Environment and Development

came from 21 very different nations. In our discussions, we disagreed often on details and priorities. But despite our widely differing backgrounds and varying national and international responsibilities, we were able to agree to the lines along which change must be drawn.

We are unanimous in our conviction that the security, well-being and very survival of the planet depend on such changes, now.

- From "Our Common Future," the report of the World Commission on ronment and Development chaired by Prime Minister Gro Harlem Brundtland of Norway. The report, which was released on April 27, is to be considered by the United Nations General Assembly in the fall.

The World Has Had Millions Like Klaus Barbie

By William Pfaff

Germans. But Mr. Vergès is too late; all of this is

well known. Moreover, public opinion polls say

that the majority of contemporary French men

and women, the young in particular, want the

It is perfectly well understood in France that

Charles de Gaulle, with the cynicism of great

statesmanship, promoted a myth of mass resis-

tance. One of de Gaulle's close associates, Fran-

çois Coulet, who landed in Normandy to assert

de Gaulle's authority in the newly liberated areas

there, has told of the inspiration he had, address-

ing the people of the first village he entered, to

address them as "Français, Françaises libres!"
The phrase happily implied that everybody being liberated from German occupation by the allied

armies had a connection with the Free French

fighting forces led by de Gaulle in London. This

was the Gaullist way to re-establish national

But that was more than 40 years ago, and it has

already been turned into history. Thanks in part

to American historians, in particular Robert Pax-

ton, who wrote the first full account of the Vichy

period, the whole story of the French collapse

and of French collaboration with Germany has

been told - during the last decade, exhaustively

de Caulle's representative to the Resistance, Jean

went to pieces under torture. The salient fact is

Officers Should Obey the Law, Like Everybody Else

By Aryeh Neier

mal amnesty has been promulgated in El Salvador, but in practice the

Duarte government has been as pow-

erless as the Cerezo government to

The question of punishing the mili-

tary for human rights abuses is not even an issue in Brazil, where an

amnesty was regarded as part of the

price the country paid for a transition

to democracy two years ago. On the

other hand, it is a major issue in

Uruguay, where a campaign is now under way for a national referendum

to overturn an amnesty law that was

enacted in December. In Peru and

Colombia, democracies that face

challenges from leftist guerrilla

movements, civilian officials have

been attempting to prosecute military

When the example of Argentina is

raised elsewhere in Latin America,

the standard response is that the prosecutions there were possible be-

cause the civilian government took

Argentina, President Raul Alfonsin

has imposed a time limit on the pro-secutions, and his failure to insulate

middle-level officers from prosecu-

tion provoked rebellions in April at

several military garrisons.

One consequence of the inability of most of Latin America's new demo-

cracies to prosecute the crimes com-

mitted by the military is that such

crimes continue in several countries,

even if on a reduced scale, under civil-

ian rule. The armed forces in Guate-

mala remain a law unto themselves.

men for gross crimes, but these ef-forts have come to naught.

punish mass murderers.

People have worried that Barbie will claim that

told. There can be few surprises left.

truth told about the Resistance.

unity and restore self-respect.

biotechnology and materials science are redefining what is possible.

There is, of course, a limiting factor, that of "sustainability." This is defined by the commission as "an approach to progress which meets the needs of the material without company.

To Cheer By Flora Lewis PARIS — European delay in an-swering Mikhail Gorbachev's latest proposals for getting rid of all medium- and shorter-range missiles on the continent betrays a pa-ralysis of will. Nothing is going to be learned or better understood by prolonging the debate.

in all the confusing and self-contra-dictory hubbub, one European voice shows consistency and realism. It is that of West Germany's former Chan-cellor Helmut Schmidt, acerbic as always and perfectly straightforward.

Mr. Schmidt points out that he brought up the problem of Soviet SS-20s in the first place and proposed the zero-option solution. President Gerald Ford and his secretary of state, Henry Kissinger, agreed and took it up with Leonid Brezhnev at the 1974 Vladivostok summit on SALT-2. originally launched by President Richard Nixon. It is "absurd," Mr. Schmidt says, to call it a "Communist proposal now." The zero option "was a Western proposal from the beginning."

So much for the latest arguments of "Nixinger" (I prefer this term to my colleague William Safire's "Kissnix") that it is an enfeebling approach that they would never have endorsed. There has been a noticeable tendency of American officials to favor or oppose ideas according to whether they are in office or out.

The point is that the ideas have not really changed. After Mr. Brezhnev said no, the problem was faced again at the 1979 Western summir on Guadeloupe. There the U.S., West German, British and French leaders agreed that American missiles would be deployed in Europe unless the Russians negotiated theirs away. All NATO allies supported the "two

track" decision in December that year. Then why the waffle now! The Europeans made such a fuss about needing the American missiles to "couple" the Atlantic alliance when they were fighting opponents of deployment that they are caught in the backlash of their own arguments. To wriggle away, some brought up Soviet superiority in shorter-range missiles. Mr. Gorbachev said that those could be banned, too. What about conventional forces,

chemical weapons, Afghanistan, Nica-ragua, Cambodia? Again Mr. Schmidt goes to the point. "Anyone who wants to solve all the world's problems simultaneously will not be able to solve anything." The concessions, he says, are all from the Soviet side so far. It is clear that General Secretary

Gorbachev considers it to be in his interest to get an agreement soon. That certainly does not mean that an agreement would be against the interest of the United States and its allies. Property verified, the first real step in reducing arms since World War II could only enhance European security, which has always been based on a purely defensive strategy. Not enough has been said about the

consequences of the alternative: collapse of the negotiations in failure. The West runs a risk of handing Moscow the laurel it has long hypocritically claimed, that of being the only real advocate of disarmament and peace. Mr. Gorbachev runs a personal risk as well. There is substantial evidence that he has not yet consolidated his power, and reason to question the mil-

itary's support for his concessions. The Soviet journal Literaturnaya Gazeta has reported a speech by a General Volkogonov, described as deputy chief of the Soviet army's po-litical directorate, to the Union of Soviet Writers. The general, whose first name was not given, attacked the writers for failing to glorify the military and to maintain a call for "vigilance." He said that "pacifism is political vegetarianism," and that while it might be useful for Soviet purposes in the West,

it "is not for Communists." The West cannot and should not try to help Mr. Gorbachev with his internal politics. He could disappear in any case, regardless of Western policies. But a new surge in the arms race, likely if there is no agreement, cannot serve Western purposes and would surely provoke serious politi-cal trouble in Western Europe.

Mr. Kissinger did make one good point in his criticism of the negotia-nions, but in private, before the Com-cil on Foreign Relations when he returned from a February visit to Moscow. It was that there is no agreement in the West, essentially no stra-

That is what European and American leaders should be consulting about now. Otherwise they doom the West never to know when it can achieve a good accord, always to be reacting in evident disarray. Mr. Reagan seems to be in sight of important progress. It is time for the allies to close ranks and cheer for getting what they wanted.

1937: Japan Sees Threat

# Vigilantes for the Dirty Work?

THE government of President Corazon Aquino has acquired some strange bedfellows in recent months. The military and an influential cabinet minister are actively promoting the formation of right-wing vigilante organizations. As Filipinos went to the polls on Monday to select the first Congress to serve under the new constitution, the polarization caused by the vigilantes was undermining the very center that Mrs. Aquino claims to uphold.

"Any group that fights commu-nism is our friend," one military officer explained to me. But many of these armed civilians have criminal records and show little respect for the rule of law as they zealously assist the military in its pursuit of the Communist-led New People's Army.

Mrs. Aquino has called one Mindanao vigilante group a "concrete manifestation of people power." A cabinet minister has threatened to fire local officials who won't cooperate in the formation of similar groups.

Just as Benigno Aquino, the presi-dent's husband who was assassinated in 1983, was accused of being a Communist by the Marcos regime, many mode ates in the provinces now are tarred with the same charges by the vigilantes. The local military commander in Davao said there is "no neutrality." Uncooperative households may have a red "X" painted on their houses by the vigilantes.

There have been shifts in the politi-

cal scene. Many liberal democratic

the protection of human rights is beyond question, has gone along. In El Salvador, José Napoleon

respect to the Resistance, one which "never is Moulin, was betrayed to the Gestapo by a com-

questioned." He intends at this trial "to replace rade. What if he does? This has been suspected for

that theology with history." Thus he is expected to a long time. No one believes the Resistance was

use the trial to demonstrate that the Resistance without turncoats, cowards - people who simply

quarrels, suffering betrayals, penetrated by the that there was a Resistance. This trial is about

temala, is the most dramatic.

Four days before he took office on

Jan. 14, 1986, the armed forces pro-

mulgated an amnesty, forgiving

ders they had committed under the

last two military governments. Mr.

Cerezo, whose own commitment to

themselves for the thousands of mur-

members of the broad coalition that brought Mrs. Aquino to power last year have been pushed to the margin of the government or ousted under military pressure. Some have resigned. So far, Mrs. Aquino's personal popularity has carried her safely from crisis to crisis. But the longer she rules, the greater the potential for disappointment over unfulfilled expectations. Despite the campaign promises in 1986, there has been no perceptible

progress toward agrarian reform. The survival of her government has required her to abandon plans to reform the bloated military inherited from Ferdinand Marcos. When she was threatened by a coup attempt in November, she was rescued not by the popular mobilization that put her into power but by factions of the military. over in 1983 from a military humiliat-ed in the Falklands war. Yet even in Even those who most fear the dangerous impact of the vigilante policy would admit that in the short term it is successful psychological warfare, forcing the New People's Army out of

strongholds in Davao City, parts of Cebu and elsewhere. The military can use the vigilantes to do its dirty work, But the rightward drift is alarming many of the same Filipinos who only last year were rejoicing in the demo-cratic freedoms restored by the ouster of Mr. Marcos. If the government continues to rely on the right in its battle against the left, the center will crum-ble. Polarization will destroy all hopes for a pluralistic society.

- Paul Hutchcroft, writing in the Hartford Courant.

with his guest how the United States might bolster civilian rule.

against their own citizens. The case of President Cerezo, who was elected after 32 years of military rule in Gua-One way to help would be for the United States to renounce efforts to enlist the Guatemalan military such notorious crimes as the 1980 against Mr. Cerezo's wishes - in the murder of Archbishop Oscar Arnulfo effort to overthrow the Sandinists in Romero and the 1983 massacre at an Nicaragua. Another would be to revise the U.S. aid program so as to Indian farming cooperative, Las Hoias. The military officers responsible ensure that the effect would be to for what happened at Las Hojas are strengthen civilian institutions. well known, but no action has been And perhaps, most important, the taken against them and they continue to occupy important posts. No for-

United States should speak out unequivocally about the importance of subjecting the armed forces in countries such as Guatemala to the rule of law, like everyone else.

The writer is vice chairman of Americas Watch, a human rights organiza-tion. He contributed this comment to The New York Times.

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# IN OUR PAGES, 75 AND 50 YEARS AGO

1912: China Loan Near PEKING — The deadlock between

the Government and the bankers of the Six Powers has been broken. This result has been brought about by the positive refusal of the Premier, Tang-Shao-Yi, to consider the bankers' tactless proposal that foreign military attachés exercise cooperative control over the disbandment of superfluous troops. The bankers receded from their original proposal, which they now say was advanced merely as a basis of negotiation. Hsining the Minister of Finance, held a long conference [on May 11] with the bankers during which the details with respect to the reconstruction loan of £60,000,000, as well as much needed Instead of using the occasion of Mr. Cerezo's visit to celebrate the advances of democracy, it would be approval of the Cabinet and the Legadvances, were fully discussed, and a helpful if Mr. Reagan would discuss islative Council, was worked out.

TOKIO - The Japanese Navy is "deeply concerned" over the change in the Far Eastern naval simution cansed by Russia's reappearance as a naval power, according to a pamphlet issued by the Navy Ministry. The pamphlet declares that Japan has cast off the "yoke" of the 1921 and 1930 treaties, because they branded Japan as inferior to Great Britain and the United States. It points to the "aggressive economic advance in Asia by the United States and various European nations," the strengthen-ing of British and American Far East naval bases and the reconstruction of the Russian Far Eastern Squadron as reasons compelling Japan to develop her navy "to gain control of Oriental waters." The pamphlet concludes. "The position of our Empire in the Orient is one of life and death."

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tegic thinking, on what is wanted from Moscow overall.

The New York Times.

# **OPINION**

# Gary Hart Ought to Know Who Shot Down Gary Hart

By A.M. Rosenthal

N EW YORK - Gary Hart said he should be competitive, but not to the cided hell, no, he wouldn't just go out quietly but would speak his mind, tell everybody about the dreadful times we are in. He ought to know that those wonderful middle-of-the-night inspirations don't look so good in daylight. Instead of saying goodbye with a

ON MY MIND tion, Gary Hart told us he had decided that Gary Hart was a wonderful man after all and that everybody was responsible for Gary Hart's political demise

except Gary Hart. I like myself, he said. take me or leave me. Blame? Those others out there. He almost managed to make The Miami Herald look good, and it is not his fault that he didn't succeed. Who was responsible for the Hart

disaster? The press! The press kept insisting on examining him and finding out the kind of fellow he was, and this got between Gary and the voters and prevented him from getting his point of view across to the public!

As it happens, I believe that The Mi-ami Herald acted poorly journalistically. It was right going after the story once it received a tip that Mr. Hart was having. an affair, this time with a specific young woman who was on her way to his Washington home. The rumors about Hart have been a time bomb ticking away in his campaign, and if he chose to light the fuse, that certainly told something about the front-running candidate of the Democratic Party.

But The Herald shoved the story in hastily and sloppily between editions. Editors with a sense of responsibility to their public and papers do not breathlessly bang in a story that can affect the national destiny. If they have to come in second because they take time and care, that is not a matter of journalistic disgrace but of journalistic honor. Editors

### A Reporter Under the Bed

GARY Hart has rewritten the guide-lines of political journalism. Until his tragic downfall fades from memory and that will be a long, long time - every politician from the precinct to the White House will be wondering whether his private life will become a public issue. Politicians who cheat on their income tax, candidates who sniff cocaine or walk around drunk, public officials who cheat on their wives — all must be getting nervous. Can they trust their friends, who tomorrow might be enemies? If the press can linger in the alley behind the town house of Gary Hart, what is to keep it from watching the movements of the local school superintendent?

— Chuck Green in The Denver Post.

woke up at about 4 A.M. and depoint of shoveling in an important story that could destroy lives, without getting all the facts possible and giving people a decent time to reply. And I felt that The Herald damaged journalistic self-respect by skulking around Mr. Hart's house all night, hiding out in the bushes. An unmarked car or van with spotters inside is measure of dignity, regret and introspec- a bush with four wheels.

But along comes Mr. Hart to turn what could have been his finest moment into a spasm of self-pity. He said he was not very good at talking about himself or playing the political game. Really? Then what in heaven's name was he wasting our time for by running for president? That was bad enough, but then Mr. Hart tried to turn himself into the victim

and the press into a criminal.

It is absolutely true that running for president is a strenuous, nerve-wracking process, and that the press often pushes too hard and asks embarrassing and even vulgar questions. It is also absolutely true that Mr. Hart and every other candidate reach their voters through the press, print and electronic. Virtually every important thing they say gets printed or broadcast. Often, over and over, because most politicians say the same

thing every day wherever they are.

Mr. Hart said not a word, not one blessed word, about what did ruin his career, and the careers and lives of so many political workers who had put their faith in him - not the press, but his own conduct. His very strong wife, said Mr. Hart, was brought close to tears because she could not get into her own house without being harassed.

As a journalist, I am often appalled by the crush of reporters around a public figure. But not as appalled as when I beard a man who wanted to be president talking about his wife's tears without having the courage to say it was he who had brought tears into her life by his behavior. That is what wrecked his future and hers.

It was not Mr. Hart's sexual ethic that was the issue to me. It was a feeling that by taking the risk he had a dangerous longing for the high wire. Now, through his own mouth and mind, he has shown us the sad truth. At best, he never understood himself and what he was doing. At worst, he understood but even at the end had to blame others — never himself.

Yes, as Mr. Hart said, we all have to do some hard thinking about the way we choose presidents. Journalists have to think about whether they should act like snoops and private eyes even if they have the First Amendment right to do so.

We need leaders who see things clearly, starting with themselves. Mr. Hart showed himself unable to see himself at all. Thus, in the end, Gary Hart disqualified Gary Hart from being president of the United States. He does not know that the tears he sees are caused by himself.

The New York Times.



# A Manizing Scandal Would Be a Signal

B OSTON — A self-appointed watch-dog of sexist language and litera-ture called this morning in especially high dudgeon. This person, mind you, has made an avocation of catching every missing pronoun. Use the word "he" when you mean "he and she" and this committee of one is ready with the gendecless judgment: Get the unisex cuffs Today he/she (we will keep this an-

drogynous) said that I was on his/her blacklist. I had blown years of credits by the use of the word "womanize." Even worse, I had written about politicians penchant for peccadillos in the exclusively he-man vernacular. I had listed the charges against Roosevelt, Eisenhower, John Kennedy, Gary Hart where are the charges against women?

Not a bad question. But I don't believe that it's a matter of semantics or a sexist plot to discriminate against (in favor of?) women.

There just isn't a good gender-free equivalent for the word "womanizing." Wordsmith William Safire (IHT, May 4) recently went through an entire desk file of alternatives, including "man-eater," before settling on "philanderer" and suggesting that when a woman runs for the presidency she could say, "I'm not a philanderer." But "philanderer" just doesn't have the same juice.

Maybe, in the end, there is no fitting female verb because there isn't the female activity — at least at the same high politi-cal level. The women who historically have garnered reputations for frivolous and varied sexual behavior - Catherine the Great, Elizabeth ! - did not have to worry about getting elected.

By Ellen Goodman

More recently, the political women who have been damaged by the men in their lives followed more traditional patterns. Bess Myerson's troubles in New York could be traced in part to choosing Mr. Wrong, Peggy Heckler suffered be cause of a divorce proceeding in which she was pegged as Mrs. Cold. As for Geraldine Ferraro, I give you the words at a recent political roast uttered by

### MEANWHILE

Gloria Steinem: "What has the women's movement learned from her candidacy for vice president? Never get married." Why haven't there been any "maniz ing" scandals about political women? Theories range from woman's nature to her nurture. Ruth Mandell, of the Center for the American Woman and Politics, says that political women are still in the pioneer stage, and pioneers may be "less willing to take risks in what is already a very sensitive situation. It's not that I've never heard of women having an affair,

but they tend to be very, very cautious." The cliche of "womanizing," she adds, conjures up the image of the older, powerful man and young attractive women: "He's admiring her for looks; she's admiring him for power." There are very few images in society at large, let alone in rarefied politics, of older, powerful wornen and young attractive men. Male power may be the great aphrodisiac to women, but it doesn't seem to work in reverse. Ethel Klein, a political scientist at Co-

lumbia University, suggests: "Women in general grow up associating sex with danger, long before they even get into poli-tics. We're brought up to understand that we're very vulnerable." Vulnerable in terms of pregnancy, even rape, and certainly in terms of the double standard of society. She also does not believe that many high-status women wish to prove it . in the bedroom. "I don't think," she says, that getting men to submit "... is the way most women feel powerful."

I could find no one, not even myself, who would argue in support of the higher innate morality of women in politics. "I. don't want it to seem like women aren't subject to flattery and temptation," says.

Ms. Mandell. We may be dealing notonly with pioneers but with a first wave who put their personal life on hold women who had to be twice as virtuous. and who have always felt watched.

If that is true, it may just be a matter of . time until women catch up. Or catch down. The gender gap in womanizing the word and the deed - may come. down to numbers. "I think we just have too small a sample," says Kathy Bonk, of the National Organization for Women's Legal Defense Fund. It is hard to know." how women in high office will behave, when, she says, "all you have to go on isabout 26 people's behavior."

When more women get to high politi-, cal power, will they be different? Will we have equal ratios of manizers among the crowd? "This is the \$64 million question." says Ms. Bonk, asking with a touch ofirony, "Will we know women have made it when we have our first scandal?"

Washington Post Writers Group.

### LETTERS TO THE EDITOR

### More to Arms Control

Representative Les Aspin argues, in "But Battlefield Nuclear Weapons Should Go First" (April 28), that such weapons are undesirable because they are likely to be used early in a war. However. a powerful deterrent of conventional war is the prospect of its quickly becoming a nuclear one. Mr. Aspin thinks that the objective of arms control is to make nuclear war less likely. Most West Europeans wish to make any war unlikely.

KENNETH N. WALTZ. London.

In response to the report "Reagan Arms Adviser, Contradicting Policy, Čites Missile Pact Flaws" (April 29):

Having heard Edward Rowny express his views in Geneva, I am surprised that he remains a member of President Reagan's arms control team. I doubt that he will support any proposal put forward to enhance the chances for a treaty.

JOHN B. THOMAS.

What About the Skill Gap?

Black" (April 24), has appeal: Once the trade deficit is erased, there will be international conference misses a fundaabout 4 million more manufacturing jobs, guaranteed by economic arithmetic. Is it time to celebrate? Hardly.

A look around American streets and stores shows foreign-made vehicles everywhere and imported consumer goods from kitchen knives to high-tech gadgets. Be it Henry Ford's production line or the space technology built into a Swatch, American ideas work—and sell—unless they are transformed into products by Americans — who have developed a keen sense of quality over the last decade and seem bound to purchase foreign goods. At present, the country does not have the industrial expertise to transform good

ideas into goods that sell. There are two solutions: import such skill instead of goods or, better yet, develop it at home, expanding spending on

JOSEF ERNST.

Peace With Whom?

Regarding the report "Jordan Challenges Israel on Peace Talks" (May 5): Lester C. Thurow's peppy opinion column, "Tomorrow, U.S. Trade in the talks" between Israel and Jordan either

under or outside the umbrella of an On the Streets, in Fashion mental point. To achieve peace, one must talk with one's enemies, not one's by Charles Kranahammer friends. Any effort by Israel and Jordan to settle the fate of the Palestinian people without the participation of those

tatives would not be a step toward peace but a catalyst for increased violence. JOHN V. WHITBECK.

### Paris.

South Africa Isu't a Prison

they consider their legitimate represen-

The editorial page cartoon by Auth (IHT, April 24) is another example of unfairness to South Africa. Instead the country depicted resembles East Germany, which I visited recently. People there are truly in a prison, from which there is no escape without the risk of being shot at the border. An African is at liberty to return to his homeland if he does not like the way of life in the union. If one can find any guarded frontiers in South Africa, they are there to pre-

vent an influx of Africans from states to the north, where political and economic conditions continue to deteriorate.

GERHARD MEIER

### Regarding the opinion column "Isn't It Time the '60s Came to an End?" (May 2)

Why should Americans stop protesting what they believe are iniquitous acts

carried out by their government, simply because the decade has changed? Unlike miniskirts or hippie beads, mass demon-strations and civil disobedience need not become outdated. If protest is used to call attention to abuses of power by an agency of the government, then it is always well-timed and relevant.

BRIAN BURT. Wiesbaden, West Germany.

### My Garbage, Your Mess

In response to the editorial "Trash Without a Country" (April 30): Did businessman Lowell Harrelson think he could get rid of his Northern garbage in the South because the South matters less?

O. PICURL Kilchberg, Switzerland.

### An Island of Rainbows

Since your newspaper is so widely read throughout the world, I must con-

test some of the statements by Mark Kurlansky in his article on Dominica; "A Lush Caribbean Isle" (April 18).

Dominica is not like a South American imole. It is nature's living maseum, offering an incomparable opportunity to experience one of the last spots on Earth where nature is so unspoiled and flourishes in such abundance.

It is an island of rainbows, with mists rising from lush valleys and falling over blue-green peaks. Teams of scientists have come to study its pristine life.

The writer says there is no industry. But we have many industries, such as Dominica Coconut Products, fruit processing industries and light assembly plants. The government provides incen-

tives for industrial development.

The writer refers to the Boiling Lake as a "geyser pool," but this understates its uniqueness. New Zealand has the only other one in the world.

Our prime minister, Eugenia Charles, has said: "Dominica does not follow the popular image of a tourist center. But it offers unusual features that could be attractive to the up-market trade."

McDONALD P. BENJAMIN. • Ambassador of Dominica to Italy and the United States.

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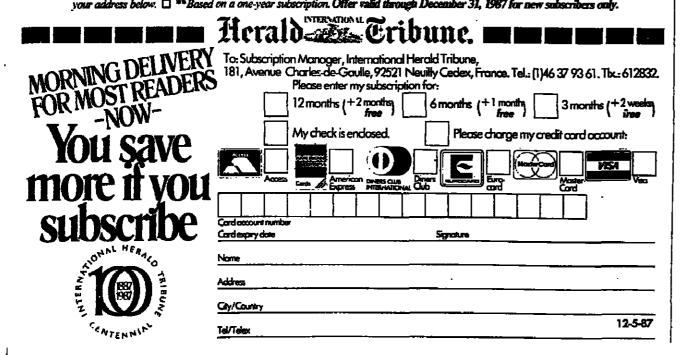
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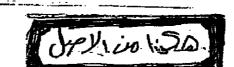
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Netherlands	FL	650	360	198	FL 1.21	FL 440
Norway*	N.Kr.	1,800	990	540	N.Kr. 3.05	N.Kr. 1,110
Portugal	Esc.	22,000	12,000	6,600	Esc. 64.56	Esc. 23,500
Spain*	Ptas.	29,000	16,000	8,800	Ptas. 55.33	Ptas. 20,140
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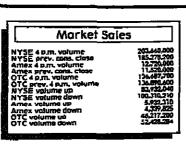
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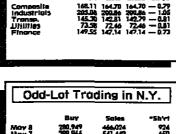




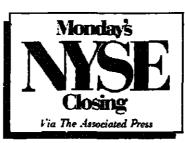
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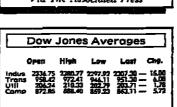


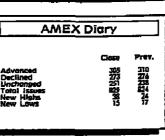
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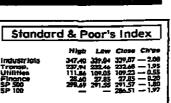


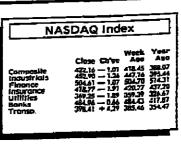
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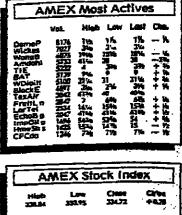








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**NYSE Mixed in Active Trading** 

NEW YORK — Prices ended mixed on the New York Stock Exchange on Monday in active trading after a late selling wave wiped out a

shares up from 161.9 million Friday. Prices rose in active trading of American Stock Exchange issues. The market showed sharp gains until the last

half hour of trading. Buyers were focusing on blue-chip, oil and technology issues. IBM, a traditional market leader, surged on news that it had developed a

leader, surged on news that it had developed a superconductor that can conduct much larger amounts of electricity than previously possible. Texaco was the most active NYSE-listed issue, rising 2½ to 38.

The stock jumped 1% Friday on volume of 7.2 million shares amid rumors that the Australian investor Robert Holmes à Court might be

ilian investor Robert Holmes à Court might be accumulating stock of the oil giant, now operating under Chapter 11 of the federal bankruptcy code.

Pennzoil, Texaco's largest unsecured creditor because of a huge judgment it won in the fight over the purchase of Getty Oil, was up 2½ to 86%.

People searm determined to lock at more part of the first half hour of trading. The market also drew support from a firm dollar, rising bond prices and futures-linked buying.

People searm determined to lock at more part of the first half hour of trading.

health care products said Monday it had agreed Metz, market strategist at Oppenheimer & Co.

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British Stocks Post Record Gain

sharp advance.

The Dow Jones industrial average, which rose 41.90 last week, erased a 40-point advance to finish at 2,307.30, down 15 points. An ahour before the close, the index had been ahead more than 32 points.

Advancing issues maintained a small edge over declining ones. In morning trading, advances had been ahead of declines by a 4-1 margin.

Volume amounted to about 204.6 million shares up from 161.9 million Friday.

to acquire Caremark Inc. in a stock-swap deal valued at about \$528 million.

Among blue chips, IBM, AT&T. General Motors, Eastman Kodak, International Paper, General Electric, DuPont, Merck and Minnesota Mining & Manufacturing were all ahead at

P.M.
Compaq Computer was up 1% to 44% after rising 7% last week. Tandy, Texas Instruments, Digital Equipment and Cray Research were

"People seem determined to look at every

thing with rose-colored glasses," said Michael

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# South Korea's New Turmoil

# IN THE NEWS

Jan. 20: Minister Quits After Student's Death

The death of a South Korean student during detention leads to the resignation of the interior minister, Kim Chong Hoh. The national police had formally acknowledged that Park Jong Chol, 21, was tortured and died of suffocation during an interrogation. The incident forced the government to The incident forced the government to admit, for the first time in a political case, that the police had behaved brutally.

### **April 8: Two Dissidents Break With Party**

South Korea's two most prominent dissidents break with the leading opposition party to form a political party of their own, the Party for Reunification and Democracy. Kim Dae Jung and Kim Young Sam said the action was needed to end the fractiousness within the opposition, which is divided over how to change the constitutional process for selecting a national leader.

# April 13: Chun Halts

Talks With Opposition President Chun Doo Hwan orders an end to discussion with the opposition on writing a new constitution and announces that his successor will be selected this year under the present electoral college system. Any further constitutional talks with the oppositionare postponed until after the Olympic Games are held in Seoul in September 1988.

### **April 17: Demonstrators Protest Reform Delay**

About 3,000 students demonstrate to demand the resignation of President Chun and to protest the delaying of plans for consti-tutional change. Clashes with police spread throughout the country during further demonstrations on April 28 and May 5.

### April 18: Seouls Sets **Economic Measures**

Deputy Prime Minister Kim Mahn Je announces a new economic package to wean the economy from a dependency on exports.

The measures are announced just before the arrival in Saoul of the U.S. commerce secretary, Malcolm Baldrige.

# IN THIS REPORT

Political Struggle 12

The opposition's leading dissidents are increasingly viewed as another symptom of underlying political problems.

Economic Growth 13 South Korea is taking its place in the global economy even faster than its industrialists

Asian Advance

and planners had anticipated.

South Korean companies increasingly appear to be ready to move into Asia.

Banking Rules South Korea's banking system could be closer

Washington View 16 The abrupt end of negotiations for a revised constitution has caused deep concern.

Succession and the Military

# Steps Toward Democracy Fail To Match Economic Progress

By Patrick L. Smith

EOUL — A year ago, this politically troubled nation seemed alive with the possibility of genuine advancement. President Chun Doo Hwan had cautiously agreed to accept long-awaited constitu-tional change that would have allowed him to preside over South Korea's first peaceful transfer of power.

The opposition New Korea Democratic Party had won substantial public support for its demand that Mr. Chun's successor be chosen by a direct popular vote. One way or another, sonal ambition and the threat of military inter-

There were few certainties: The tough politicking that has characterized South Korea's struggle toward democracy had not ceased. But there was an unmistakable hope that it might finally produce a breakthrough after 38 years of near-constant turmoil.

No such optimism now remains. A month ago, the New Korea Democrats collapsed when party moderates proposed a compromise with Mr. Chun, who has insisted on a system of indirect presidential balloting. The president subsequently postponed debate on the constitution until after his successor is chosen, a

move seen widely as an opportunistic lurch into a sudden political breach.

Once again, South Koreans have been forced to confront the limits of their political maturity. On both sides, leaders have failed to overcome the traditional Korean inability to compromise, which is based on a view that concessions are an indication of weakness.

More broadly, they must confront the politi-cal system's inability to push forward leaders capable of reflecting their achievements. The nation now faces the prospect of another military-backed regime that could remain in power until 1995, engendering little public enthusiasm and a steady level of civil disorder.

"Everything has changed," said Hyun Hong Choo, a senior official of the ruling Democrat-

PATRICK L. SMITH, a Hong Kong based

South Koreans must confront the political system's inability to push forward leaders capable of reflecting their achievements.

ic Justice Party, in a recent interview, "Everything except our constitution, the one thing we were supposed to change."

Since Mr. Chun came to power seven years ago, following the assassination of President Park Chung Hee in October 1979, his rule has been marked by a high degree of ambition.

Internationally, the president has sought to extend South Korea's diplomatic contacts, thus earning the nation a more prominent place in the world community; at home, the establishment of rule by law and the strengthening of political institutions have ranked high among his professed goals.

In many respects Mr. Chun's term, which

expires in February, can be counted a success. The economy has expanded at an average annual rate of nearly 9 percent during his tenure. In a new display of self-confidence, planners have begun to encourage domestic consumption for the first time in the nation's history. In partnership with Prime Minister Yasu-

hiro Nakasone of Japan, Mr. Chun has markedly improved the often troubled relationship between Seoul and Tokyo. And he has over-seen the flowering of the nation's unofficial ties As a token of its regional emergence, Seoul has slowly begun to assume a more important

security role in northeast Asia as part of a stillunacknowledged strategic alliance with Tokyo and Washington. Apart from the radical groups that have opposed the Chun regime most strenuously, no

one in South Korea wants the summer Olympic Games in September 1988 to be anything less than the national triumph they are intend-

The Games, too, are likely to mark 2 diplomatic success for the present administration, in that China and virtually all Soviet-bloc nations are expected to attend, despite the insistence of North Korea that it co-host the Games.

That is the positive side of the ledger. It has not significantly eased the crisis of legitimacy that Mr. Chun has suffered since his inaugura-

· Although Mr. Chun resigned from the military on assuming office, his regime has been marked by a dramatic increase in the political role of the military. The ruling party continues to function chiefly as a political vehicle for Mr. Chun and his military supporters: efforts by some civilian officials to advance the party beyond this role have not

 Mr. Chun has failed to loosen the firm grip that Mr. Park, his predecessor, gave the execu-tive over the National Assembly. In modified form, he has kept constitutional provisions that weight the control of legislative seats heavily in the ruling party's favor.

Outside of the parliament. Mr. Chun's uman rights record has been grim. For much of his term, according to local political sources. government has held more detainees than Mr. Park at any one time during his rule.

 Although Seoul has pulled decisively ahead in its political and economic competition with Pyongyang, this is viewed by many analysts as both a success and a liability, insofar as it increases tension between the two

Continued on page 15



President Chun Doo Hwan

# Learning From Japan's Mistakes in Trading With U.S.

By Stuart Auerbach

ASHINGTON - For years, Japan has been peering warily across the Sea of Japan at South Korea's emergence as an embryonic ecothe Japanese in U.S. markets with low-cost cars, home electronics products and comput-

These days it is South Korea that is doing the looking, watching the growing trade frictions between Tokyo and Washington and trying to figure how it can escape the kind of punitive sanctions that the United States imposed on Japan last month.

With 40 percent of its exports landing in the United States, South Korea is especially sensitive to any notion that it is a second Japan, pursuing the same mercantilist, restrictive import policies used so successfully by the Japa-

At first blush it appears that South Korea is succeeding in learning from Japan's mistakes. It is embarked on a vigorous campaign to open its markets to U.S. products before it becomes a matter of public debate in the United States and a political issue in Congress. It has also gone on a "buy America" push, substituting

STUART AUERBACH is on the staff of The

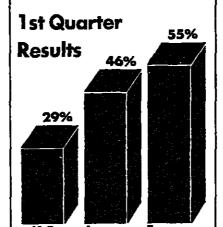
**Changing Market** For Exports

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U.S.-made products for those it previously bought from Japan.

Last month, while most of the attention was focused on a possible trade war between the United States and Japan, Seoul bowed to pressure from Commerce Secretary Malcolm Baldrige and agreed to end long-standing barriers to imports of U.S. computers, candy and auto-

Significantly, Japan still maintains protec-



tionist barriers to chocolate imports, and auto parts are the subject of contentious negotiations between the United States and Japan.

The South Korean effort drew praise from Mr. Baldrige, who said on American television that Seoul has been more amenable than Tokyo in responding to U.S. requests that it relax

Earlier in April, South Korea announced a tariff reduction program for 83 products, in-

cluding beer, cars, fruits and vegetables, lumber and paper products, to take effect in July. It remains to be seen whether the South Korean promises will result in more U.S. sales

in that fast-growing market. U.S. businessmen working in Seoul have complained that past market-opening initiatives appeared, like Ja-oan's, to have been aimed more at public relations than at substantive changes in its import substitution policy.

"The highly publicized Korean government import liberalization campaign of the last few years has not resulted in any significant increase in imports of products other than raw materials, capital goods and inputs to the export manufacturing sector," said the American Chamber of Commerce in South Korea in a

report issued earlier this year. While these "Amcham" groups usually are reluctant to criticize the host government, the U.S. businessmen in South Korea said furnly that the Seoul government must abandon its basic strategy of import substitution to give U.S. companies a fair shake.

We urge the administration and members of Congress to continue pressing the Korean government for equitable treatment for U.S. commercial interests in Korea," the group's

We believe we may very well lose the opportunity to participate in the explosive growth of South Korea's home market that will take place over the next few years if the barriers are not dismantled now.

Nonetheless, South Korea has sailed through the past year on what have become known here as "the three blessings" — low oil prices, low interest rates and the increasing value of the Japanese yen.

With its currency, the won, pegged to the sinking dollar. South Korea has benefited from the dollar-yen fluctuations as its products have become more competitive in both the United States and Japan.

While the yen has grown in value over the past 18 months by more than 40 percent in relation to the dollar, the won has risen just 6 percent against the dollar since the beginning

So far, Seoul has been able to fend off pressure from Washington to realign the won. arguing that it needs to build up trade surpluses and keep its currency at present levels to pay off about \$45 billion in external debt.

Once that is done, top South Korean trade officials told the Reagan administration earlier this spring, it will allow the won to float to a level more in keeping with the country's inter-

national economic status. While trying to hold firm on the won, South Korea has embarked on a campaign to keep the United States happy while delivering a

blow to its former colonial master, Japan. Looking at the high value of the yen, which made Japanese products less competitive,

Continued on page 12

# Banque Indosuez in Republic of Korea.

Banque Indosuez has been established in Korea since 1974. Its branch in Seoul is part of the Bank's comprehensive international network covering 23 countries

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BANQUE INDOSUEZ. A WHOLE WORLD OF OPPORTUNITIES

# Malaise Is Now Touching Dissidents

By Patrick L. Smith

EOUL - Few South Koreans seemed surprised when the opposition New Korea Democratic Party collapsed last month and President Chun Doo Hwan abruptly canceled constitutional talks opened

Opposition parties have dissolved regularly into factional infighting since South Korea embarked on the road to liberal democracy in the early 1950s. Constitutions, particularly the rules they set for national elections, have been

the focus of controversy for nearly as long. But this year's reverses have affected the nation more profoundly than in the past, according to local political analysts, chiefly because popular expectations ran higher than before and because advances in other areas of South Korean life are now so much more

As elsewhere in East Asia, these analysts suggest, the political process in South Korea can no longer remain the preserve of the national elite. as it has been for most of the

For the moment, at least, this prospering nation is politically adrift. Beyond the immediate struggles, many South Koreans have come to recognize, lie fundamental issues that must be addressed before traditional authoritarian rule can be left behind and some form of democracy can take its place.

Even members of the ruling Democratic Justice Party have expressed a deep sense of frustration since Mr. Chun announced on April 13 that constitutional talks would be deferred until after the Seoul Olympics have ended next year. Outside the party, the decision has further detracted from the president's already low level of popularity among voters.

But the opposition's leading dissidents, long accepted as the source of political virtue and the foundation of progress, are increasingly viewed not as an answer to the nation's political grievances so much as another symptom of its underlying political problems.

As Mr. Chun's foremost adversary, Kim Dae Jung continues to command considerable respect among South Koreans, according to independent analysts, chiefly because of the sacrifices he has made since he became politically active in the late 1950s.

But the nation's increasing impatience for political modernization has led many South Koreans to begin questioning Mr. Kim's authority in ways previously reserved for Mr. Chun and his predecessors.

"Neither side any longer seems to offer a real future for us," a leading political scientist in Seoul said recently. "Basically, they are seen in the same way — unwilling to compromise, both clinging to the same authoritarian political methods

The question now, this source added, is "how different the ruling group and its opponents are, even in terms of ideology."

The constitutional issue on which political debate turned until recently remains of vital concern among South Koreans. Many voters - a majority, some independent analysts believe - continue to hold that direct presiden-



The two dissident leaders - Kim Dae Jung, left, and Kim Young Sam.

'The two Kims' and their followers must now survive in a political environment significantly less sympathetic to them.

tial elections are the only way to assure that

national leaders reflect the popular will.

Direct elections and the immediate reopening of constitutional talks are now the basic demands of the Reunification Democratic Party, which was formed by Mr. Chun's principal opponents, Kim Dae Jung and Kim Young am, following the demise of the New Korea

Nonetheless, "the two Kims" and their followers must now survive in a political environment that is significantly less sympathetic to them, opposition sources acknowledge. Internally, there is a growing sense of uncertainty as to the course set by the party's leaders.

"What we are trying to accomplish is what needs to be done," said an opposition member of the National Assembly, "but I can't tell you that everything we've done is correct."

Such doubts are common among those in the new party who recognize it chiefly as a political vehicle in the traditional Korean mold. As in most other parties formed over the past four decades, personal allegiances act as substitutes for policy platforms among the Reunification Democrats, reinforcing a tendency to avoid the

As in the ruling party itself, internal party democracy in the opposition group is virtually nonexistent. Many supporters are now con-cerned that long-standing rivalries between the followers of the two Kims will threaten the long-term survival of the party, even though its constitution carefully ascribes equal power to both factions.

Outside of Seoul, the opposition duplicates the extreme centralization of the government itself. Just as the ruling party controls all important provincial and local posts through a system of appointments, for instance, opposi-

system of appointments, for instance, opposi-tion legislators are assigned to voting districts by the party apparatus in the capital.

Since Mr. Chun dropped constitutional amendments from the political agenda, in-creasing attention has focused on government plans to decentralize the political system by allowing more autonomy to municipal, county and provincial administrations.

in essence, the plan calls for the election of currently appointed officials by local councils and the reconstruction of provincial legislatures that were dismantled when Park Chung Hee seized power in 1961. Along with this, the government appears set to loosen some restrictions on the press and release some political

Mr. Chun committed himself to reinstituting the local autonomy system when he came to power seven years ago. The urgency with which the government is now addressing the issue is viewed by many observers as part of the president's effort to repair the political damage sustained by his abrupt constitutional deci-

Nonetheless, an increase in local autonomy is viewed by many observers as one key to the future development of both the ruling party and the opposition.

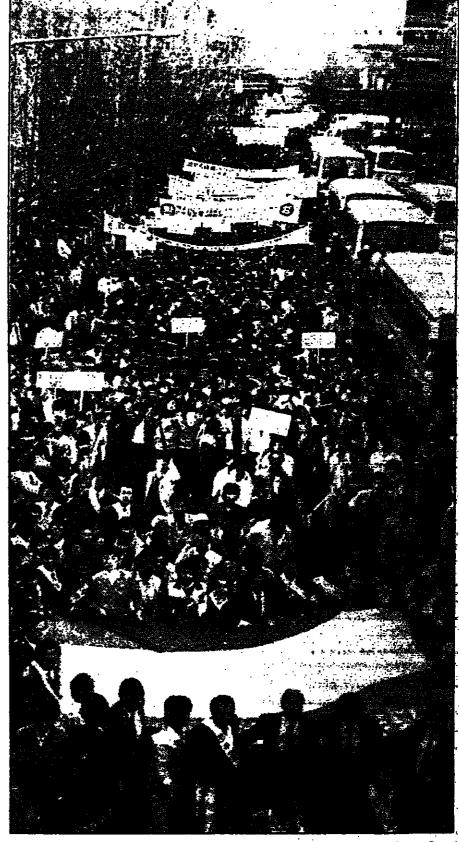
Younger, civilian members of the Democratic Justice Party have long sought to advance it beyond its beginnings in the military and to shape it into a freestanding political institution. The devolution of power will provide an opportunity for this to happen, and it will allow the opposition to draw nationwide support for the first time.

For the opposition, local autonomy will provide an opportunity to reach beyond Seoul and a few other large cities and increase its support throughout the country. In this, the plan is viewed potentially as a turning point in South Korea's political evolution.

"If they are implemented properly, these measures could transform the political pic-ture," one local commentator said. "The oppo-sition would suddenly be able to develop the backing and the political leaders it needs to

The extent of the government's commitment, however, remains unclear at best, according to political sources. In late April, officials announced that the first phase of the program, involving less than two dozen localties, would begin in January, a month before Mr. Chun's term in office expires.

The plan now under consideration would not be completed until late 1988 at the earliest.



Early last month the opposition took to the streets in Seoul.

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# Lesson From Japan On Trade With U.S.

Continued from page 11

Scoul deliberately decided to buy U.S. manufactured goods in place of traditional purchases e, who filed a complaint against South Korea with the international compact that regu-lates world trade, the Genevabased General Agreement on Tariffs and Trade.

But South Korea was playing to an audience in Washington, not one in Tokyo or Geneva. And the decision, well trumpeted by Deputy Prime Minister Kim Mahn Je and Trade Minister Rha Woong Bae on separate visits to Washington, appeared to be a successful gambit for Seoul.

"We will continue to fulfill our commitment to expanding U.S. access to our market," said Mr. Rha in a letter announcing that South Korea, in a recent buying mission, had purchased \$1.8 billion worth of U.S. goods.

"Of this total," Mr. Rha said,

"about \$400 million consists of orders transferred from tradition-

al suppliers in Japan to new ones in the United States."

ceded a flurry of trade liberalizalast month in Seoul. Thes surplus with the United States a its 1986 level of \$7.4 billion in stead of allowing it to rise to an estimated \$10 billion by the end

While Reagan administration officials welcomed the market opening side of the South Korean program, they expressed concern that South Korea might try to control its surpluses by restraining exports.

Although the United States has called for voluntary restraint agreements with a number of countries, including Japan and South Korea, on steel exports and agreed to limits with Japan on its auto exports, these restrictions go against the free trade rhetoric of President Ronald Reagan.



Korean exports pile up at the port of Pusan



# **Economic Gains Bring A Growing Maturity**

By Patrick L. Smith

EOUL - Like the 169,000 Hyundai antos that arrived in American driveways last year, South Korea is assuming its place in the global economy faster than even its most determined industrialists and planners seem to have anticipated

Propelled by a combination of low oil prices, low interest rates and the revaluation of the Japanese yen - "the three blessings" as they are known here — national output grew by 12.5 percent in 1986, the world's highest rate of ex-

And because the year's rise coincided with significant advances in South Korea's auto and electronics industries, the nation established itself decisively last year as a global force in both sectors. Auto exports tripled in value terms, to \$1.6 billion; overseas electronics sales grew 55

Such gains have brought South Korea quickly to a turning point in its economic development. After decades of deficits in its external accounts, the trade and current-account balances have swung into surplus for the first time in the nation's history.

As a consequence, the massive foreign debt with which South Korea has underwritten its industrialization is now scheduled to decline by nearly a third in the five-year plan that ends in 1991. After peaking at \$47 billion in mid-1985, it stood at \$44.5 billion at the end of 1986.

Only a year ago, by contrast, debt was expected to continue building until it reached a peak of \$52.1 billion in 1990.`

Marking the corner the nation has turned in its economic evolution, Seoul is now beginning to drop the emphasis it has long placed on austerity at home and to encourage increased domestic consumption.

The improvement in our external conditions is a point of transformation for South Korea," said Young Soo Gil, a senior fellow at the Korea. Development Institute, a government-funded research center. "Growth and exports are no longer the only priorities."

As many observers had predicted, this advanced state in the nation's economic emergence has been accompanied by increased trade friction and difficult structural adjustments in the high-growth industries of the past.

South Korea's trade imbalance with the United States, its largest trading partner, grew by 70 percent last year, to \$7.3 billion. Not surprisingly, Washington has substantially raised its demands for a liberalized import regime and a revaluation of the South Korean won.

At home, unbridled expansion during the 1970s in such industries as shipping and con-struction has left them financially fragile and overdeveloped in relation to current world demand. Increasing competition from lower-wage nations is also threatening a number of the nation's largest producers of traditional exports. Some of these problems have retarded the government's long-term effort to reduce its role in the economy. Debts of an estimated \$6 billion among ailing shipping companies and overseas contractors have forced officials to intervene by maderwriting rationalization plans and assisting

in the disposal of poorly performing assets. Chiefly to avoid collapses among creditor banks, the government disclosed plans in early April to restructure more than two dozen troubled concerns in these two sectors, with the support of 15 companies that have better sur-

vived recent industry downturns. The central bank and the Finance Ministry have similarly intervened to offset the inflationary effects of last year's 35 percent rise in export enues and a consequent surplus of \$4.6 billion the current account.

With money supply expanding at an annualized rate of nearly 20 percent, the government has dampened speculation in the property sector and suppressed prices in the share market by forcing local institutions to sell off substantial portions of their portfolios.

These policies apart, what has struck foreign analysts in recent months is the increasing sense of maturity with which Seoul is addressing many of the problems that have come with its success. Despite official reluctance, the South Korean

won has been allowed to appreciate steadily, if slowly, against the U.S. dollar. It rose 3.4 percent in value last year and is expected to gain an additional 7 percent by the end of this year.

The government has also substantially advanced the five-year timetable set in 1983 for the liberalization of domestic markets.

Accompanying these measures, the government disclosed last month a wide-ranging initia-tive intended to reduce the role of exports as a contributor to economic growth and to begin encouraging import consumption among manu-

The measures include the withdrawal of longstanding export subsidies and the provision of \$2.5 billion in low-cost Central Bank credits for usinesses purchasing imported capital goods. Public spending on such projects as schools, hospitals and roads is also scheduled to increase. Local economists and foreign analysts view

these steps as the most important indication to date of South Korea's increasing economic selfconfidence. They mark, in effect, the nation's first effort to advance beyond the export-led development strategy that has been the key to its success since it was adopted in the early 1960s.

The official targets are to maintain the current account surplus at roughly \$5 billion in coming years and to balance the contributions to gross national product made by exports and domestic

Neither will be easy to meet in the near term, according to most economists. This year's current account balance is already expected to reach \$7 billion to \$8 billion and could run as high as \$10 billion. Overall growth is also expected to exceed the official forecast of 8 percent.

Exports are increasing at roughly the same rate as last year, when they accounted for about two-thirds of GNP expansion. Growth in capital investment household consumption, while not

# **ECONOMIC PROFILE**

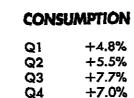
Year on year, growth in total GNP last year rose from 9.9 percent in 1Q to a high of 15 percent in 3Q before falling back to 11.8 percent in 4Q.



+20.6%



MANUFACTURING +11.4% +17.6% ÷18.8%





# **CAPITAL FORMATION**

AT AN	Ql	+ 9.8%
<b>等</b>	Q2	+15.5%
<b>99</b> € 5 6	Q3	+16.3%
be Crocker Rank	Q4	+10.7%
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# **AGRICULTURE**

Ranguallationaladan

Q1	+19.7%
Q2	+ 2.7%
Q3	+ 9.5%
Q4	+ 2.9%



unhealthy, falls well short of expansion in the export sector.

ns from son: Hires/Gamma: Burnett/Gamma; Matsumata/Sygma; Kur

In the longer term, the young technocrats urging a basic shift in South Korea's economic priorities must also contend with a high degree bureaucratic inertia. a variety of nontariff barriers and an engrained tendency to preserve foreign exchange.

These are potentially significant barriers to

the effective implementation of Seoul's new policies. Nonetheless, the nation is widely credited with having taken the first steps toward more balanced growth and smoother trade relations.

"The change in direction is clear," a foreign diplomat said after the government's initiative was announced. "The question is whether the technocrats will triumph, whether they can move the guys running steel plants and factories."

# Domestic Demand Fuels Dramatic Expansion of Crude Steel Production

By Erwin Shrader

EOUL - As Japanese, U.S. and European steelmakers shrink, South Korea's relatively young steel industry grows, and in dra-

matic fashion. Kwangyang Bay, on the country's southern coast, once produced some of the best fish and edible seaweed on the Korean peninsula - but no longer. In early May, with the dedication of the \$1.18 billion first phase of Pohang Iron & Steel Co's (POSCO) second integrated mill, the formerly tranquil bay started yielding steel.

The state-owned plant, which employs the continuous-casting process, increases POSCO's crude steel production capacity by about a third to 11.8 million tons per year. Work on a second phase is under way. Its 27 million tons of capacity, when completed in late 1988, will push South Korea well up among the top 10 steel-producing

nations of the world.

The expansion of POSCO, which produces more than 60 percent of South Korea's crude steel, and other smaller Korean steelmakers has been keyed to low construction and labor costs, melded with the latest in Japanese and Western iron and

steelmaking technology. Korean-made steel is among the cheap-est in the world. This has won it markets worldwide, notably in the United States, which took in about a third of South Korea's \$2.7 billion in steel exports for 1986.

Last year, direct exports accounted for about 30 percent of total steel production in South Korea, down from a peak of 44.5 percent in 1982. Sluggish world demand plus voluntary export-restraint agreements with the United States and the European Community have dampened overseas sales

Kim Kyo Sung, director of the Ministry of Trade and Industry's iron and steel division, said that exports in 1987 were expected to drop 1.5 percent in volume and in-crease only 1 percent or so in value. "The purpose of expanding our capacity

is to meet domestic demand," said Mr. Kim. by way of calming trading partners with beleaguered steel industries. Through 1990, he said, growth in local demand for steel goods is projected at 7 percent per year, outstripping increases in local pro-

Pushing POSCO and other steel compa-nies to their limits are South Korea's car and consumer electronics industries, which have made dramatic export gains in the past two years. (About a third of South Korean crude steel production is exported

This year, even South Korean shipbuilders, in a slump until recently, are placing larger orders for steel plates. Meanwhile, '.. demand from the construction sector, South Korean steel's biggest customer,

holds steady. South Korean manufacturers continue to import significant volumes of specialty and high quality steels. Local steelmakers, at the urging of the government, have invested.

to broaden their product range. Earlier this year, POSCO started up a cold-roll mill at its main plant in Pohang to supply carmakers with high-grade steel sheet much of which they have had to import from Japan. A similar plant is under construction at POSCO's Kwangyang com-

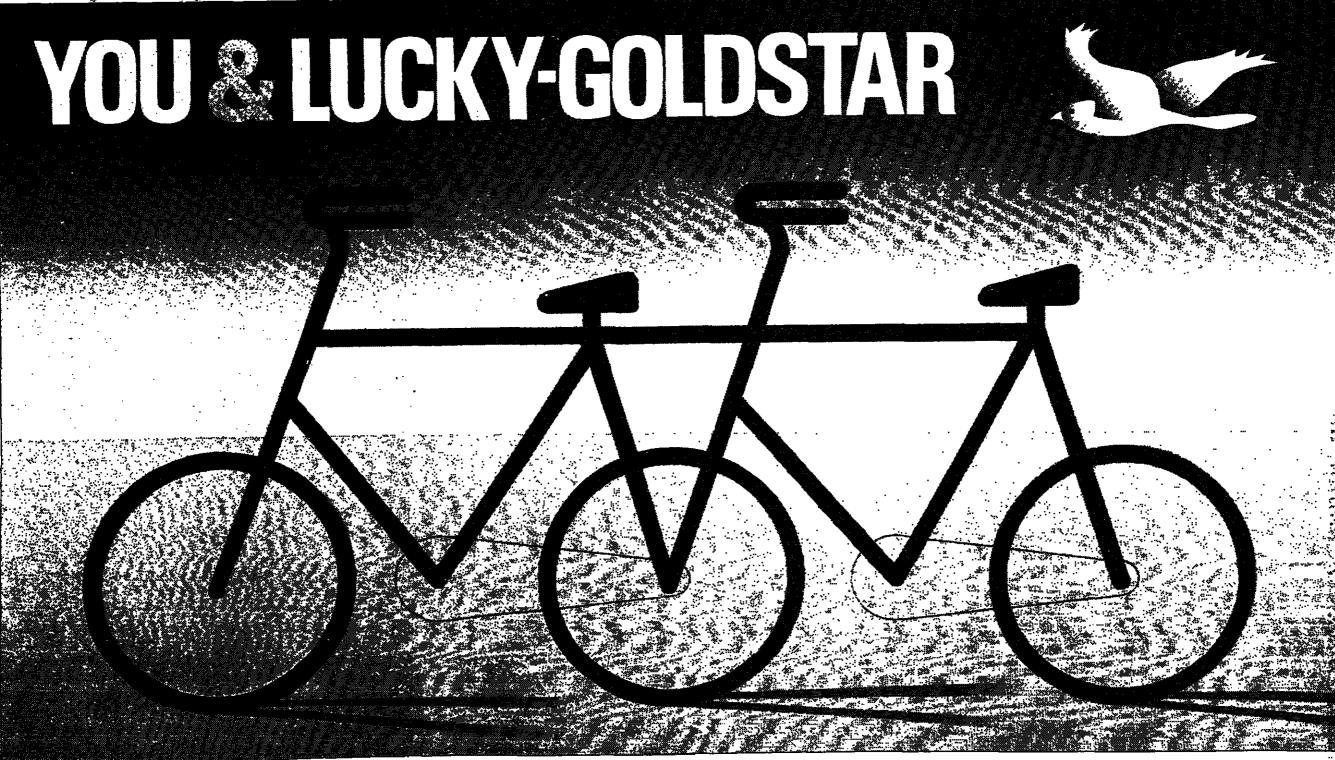
POSCO has plans for two additional steelmaking phases at Kwangyang that

Growth has been keyed to low building and labor costs melded with the latest in technology.

would round out the company's crude steel capacity at 18 million tons per year sometime in the mid-1990s. For now, however, it is still wait and see, said Mr. Kim of the Ministry of Trade and Industry, suggesting that foreign trade restrictions on South Korean cars and other emerging exports

might discourage further expansion. As a hedge against protectionism, a profit-rich POSCO last year agreed to spend \$240 million to help modernize a USX Corp. finishing plant in Pittsburg, California. As part of the deal, POSCO will supply the plant with a million tons of steel coils each year, beginning in 1989, which is when the current restraints on South Korean steel imports expire.

ERWIN SHRADER is industry editor for-Business Korea, an English-language mo ly magazine published in Seoul.



# Moving in the Same Direction

Lucky-Goldstar is a group of 23 Korean companies involved in chemistry, electronics, finance, and trade. By combining the best of East and West, we built a U\$12-billion enterprise around a ream of 70,000 talented individuals.

But our achievements aren't ours

Successful partnerships with companies like AT&T, Hitachi, Siemens, and Caltex, and overseas subsidiaries like Goldstar of America in Huntsville, Alabama are doing a lot to stimulate mutual growth, while promoting economic development and free market systems in countries

around the world. At home, we're known as the quality choice. Abroad as a good neighbor and reliable business

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□Goldstar Semiconductor□Goldstar-Alps Electronics
□Goldstar-Honeywelf □Goldstar-Magnetech Energy and
Resources □Honam Oil Refinery□Licky Development
□Licky Development
□Licky Englineering Financial Services □Licky Securities
□Pan Korea Insurance □Goldstar Investment & Finance
□Pusan Investment & Finance Trade and Distribution
□Licky-Goldstar International□Hee Sung Public Service
□The Yonam Foundation□The Yonam Educational
Institute Sports □Licky-Goldstar Sports

# Industries Cautiously Explore Investment Moves Into Southeast Asia

Labor costs in

higher than in

Thailand and

as in Malaysia,

and way below

those of Japan.

Indonesia,

South Korea are

By Michael Richardson

NGAPORE — Under pressure from a rapidly rising yen and the threat of protectionism in some of their major markets, Japanese manufacturers have been forced in the past two years to relocate many factories overseas, with Southeast Asia becoming a favored target since early 1986.

After years of tight government control over offshore investment, there are signs that South Korean companies will also develop a more

substantial stake in the region.

The government in Seoul recently announced that it would relax its overseas investment rules and allow South Korean banks abroad to lend more liberally for that purpose. Pressure from the United States for revaluation of South Korea's currency, the won, may also encourage South Korean manufacturers to establish operations abroad.

But foreign analysts and South Korean busi-nessmen and officials in the region caution that this shift is only expected to be of gradual benefit to members of ASEAN, the Association of South East Asian Nations linking Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand

In a recent survey of the South Korean economy, Political & Economic Risk Consultancy Ltd., a Hong Kong-based group of con-sultants, said it expected "a boom in overseas foreign investment" to follow the govern ment's relaxation of rules. But it said that this investment was likely to be widely dispersed.

Koo Cha Hong, managing director of Gold

Star Co. Ltd. in Singapore, said he believed that South Korean companies would, in the future, undertake more direct investment and joint ventures in ASEAN countries. His firm is a member of the Lucky Goldstar group, South Korea's third largest industrial, trading and financial conglomerate after Samsung and

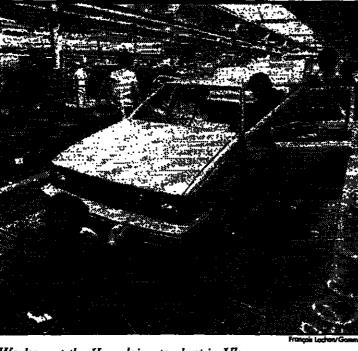
Hyundai, measured by 1986 turnover. South Korea's total investment in ASEAN amounts to less than \$200 million, only a fraction of the funds committed by the United States, Japan and West European nations. By contrast. Japan's investment in Indonesi alone is more than \$8.5 billion.

Mr. Koo said that ASEAN countries wanted Japan and South Korea to "come in and contribute to economic development by investing and not just selling. We understand that. I feel that South Korea may be able to provide a viable alternative to Japan in technology trans-

South Korea has worked hard on research and development to build its own technological base. The success of Hyundai's cars in export markets testify to this, although they have been helped by the strong yen, which has made similar Japanese vehicles substantially more expensive.

The two latest South Korean models, Pony Excel and Stellar, first appeared in Singapore last September. The dealer reported recently that they had captured 18 percent of the local market for new cars, just behind the bestselling Japanese Honda.

However, South Korean officials said that the first industries to move offshore were likely to be small and medium-sized labor intensive



Workers at the Hyundai auto plant in Ulsan.

costs were relatively low and domestic markets

clude plants for cement and plastics in Singa-

pore, forestry, plywood, steel fabrication and chemicals in Indonesia, and cement, rubber

Mr. Koo said the Lucky Goldstar group is considering joint ventures for manufacturing

color television sets in Thailand, textile ma-

chinery and electrical tools in Indonesia and

electronic items in Malaysia.

Labor costs in South Korea are higher than in Thailand and Indonesia, almost the same as

in Malaysia, significantly lower than in Singa-pore and way below those of Japan. The pro-

ductivity of South Korean workers and the

quality of their output is generally superior to that of most ASEAN countries, according to

Mr. Koo noted that labor costs in Japan's

electronics industry were four or five times

higher than in South Korea. "So Korean com-

panies in general still want to concentrate their

Southeast Asia's experience of Japanese and

South Korean business practices has been far

from uniformly favorable, particularly in the

construction industry.
In the early 1980s, Japanese and South Ko-

rean companies won the lion's share of major contracts in Malaysia, prompting charges from local firms that they were underbidding, making too little use of Malaysian equipment,

supplies, skilled labor and technicians, and

investment at home." he added.

withholding know-how.

South Korean busin

products and furniture in Malaysia.

bridge connecting Penang Island with the Ma-laysian mainland. The 6-mile (10-kilometer) bridge was completed in 1985 at a cost of \$314 million by Hyundai Engineering and Conenterprises, not high-tech ones. They said the most promising locations in the ASEAN area were Thailand and Indonesia because wage struction Co. Established South Korean investments in-

section of the rapid transit project.

But overbuilding in Singapore and economic recession in Malaysia and other parts of Southeast Asia have sharply curtailed big construction projects. As a result, many South Korean firms have scaled down their presence or pulled out altogether.

South Korea has consistently bought much more than it has sold to ASEAN, reflecting its interest in securing supplies of raw and semi-

In Singapore, where South Korean construction firms have won tenders worth \$1.87 billion, there were similar rumblings of complaint from contractors. The government is now of-fering preference to Singaporean contractors in bidding for public sector contracts, either as independents or in joint ventures with foreign firms. It is also encouraging local firms to form partnerships with experienced foreign con-struction companies to find offshore work.

Sangyong Construction recently completed work in Singapore on the Raffles City com-plex, which includes the world's tallest hotel, the 72-story Westin Stamford. Hyundsi has two large contracts — the second terminal building at Changi international sirport and a

Largely because of the fall in the price of oil, gas and many other raw materials imported by uth Korea, the value of two-way trade with ASEAN has fallen in the last year. In the decade to 1983, trade increased more than fivefold to \$3.24 billion. It reached a peak of \$4.2 billion in 1985, before dropping back to \$3.4 billion last year.



Radios are assembled at a Lucky-Goldstar factory in Seoul.

cessed materials needed for its expanding

schustrial sector. Main imports include crude oil, liquefied natural gas, petroleum products, lumber, rubber, tin, copper and agricultural commodities. Major South Korean exports to ASEAN are

teel products, electrical and electronic goods, ships, textiles, machinery, synthetic resins and other manufactured items.

Consultancy Ltd. said that South Korean companies were still looking mainly toward joint ventures for mineral resources.

It said the goal of the government in Scoul was to get South Korean enterprises, working alone or in joint ventures abroad, to produce a substantial portion of the country's requirements of coal, oil, uranium, copper, iron ore, sulphur and other essential feedstock that is nonexistent or in short supply at home.

South Korean companies are involved in petroleum production in Indonesia, sulphur mining in the Philippines and have just started drilling for oil in waters off the east Malaysian state of Sarawak.

MICHAEL RICHARDSON is the Southeast Asia correspondent for the International Herald Tribune and is based in Singapore.

# **Announcing** the Business Korea **Yearbook** 1987/88

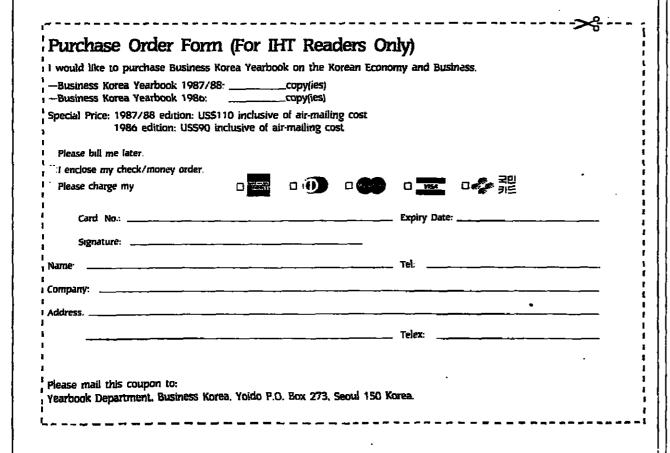
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# Keeping the Edge on Taiwanese

By Patrick L. Smith

► EOUL — "It is better to be the head of ancient Chinese saying has it." For industrialists in many East Asian societies, this earthy aphorism is a natural guiding principle. In terms of economic structure, it marks the chief distinction between South Korea and Taiwan, which is South Korea's closest economic competitor and the nation with which it is most frequently compared.

Centered on its chaebol, or family-held business clans, South Korea's economy is heavily dependent on the productivity and financial health of a few dozen conglomerates that tower over the economy.

Together, the leading chaebol account for nearly a quarter of gross national product; the largest among them, the Hyundai group, speaks for 2 percent to 3 percent of total output by itself.

By contrast, Taiwan is a nation of about 60,000 small and medium-sized producers. most of which have only a handful of employees. Manufacturers so classified make up almost all of the island's industrial base and account for three-quarters of its overseas ship-

In this respect, at least, each nation admires the other. The chaebol have enabled South Korea to make feet-first entries into heavy and high-technology industries such as steel, autos and semiconductors and to borrow heavily in hard currencies to do so.

names into global markets more effectively Japan. Research and development spending, a owth for both South Korea. Taiwan, is 1.8 percent of national output in

'It is better to be the head of a chicken than the

toe of a bull.'

South Korea, compared with less than I per-

At the same time, Taiwan has developed a degree of flexibility among its manufacturers that South Korea has foregone.

Producing chiefly for foreign brand names, companies can jump from Hula Hoops to plastic sandals and on to computer casings according to market demand. A significant portion of Taiwan's output is in compor

such companies as IBM, Xerox and AT&T. Taiwan suffers none of the overconcentra-

The chaebol project South Korean brand tion that has long plagued the South Korean economy, but because every executive wants to than those of any nation in Asia other than be the head of a chicken, there is spreading concern that the island's entry into high-tech,

They come here to learn how to encourage mergers and concentrate resources," a government economist in Seoul said recently. "We go there to learn how to cultivate our small and medium-sized industries."

Both Taiwan and South Korea have exported their way from poverty to relative affluence in the past quarter of a century, and many of the industries on which this process has been based — textiles, footwear, toys, furniture and simple electronics --- are as prominent in one

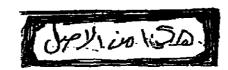
economy as they are in the other. There are other similarities. Reflecting an overemphasis on production during the crucial stages of industrialization, both suffer from underdeveloped banking and financial sectors and relatively unsophisticated management techniques among corporations. Export dependence has kept wages in check and retarded

public and private consumption at home.

Now Taipei and Seoul face the same challenges. Chief among them is how best to climb the technology ladder, leaving behind the industries that have brought them to the edge of full development without significant economic

Equally, international competition and the threat of protectionism are forcing both to open their markets more quickly than they had stended and to begin stimulating their domes-







Shoppers make their way through a crowded street in central Seoul.

# Steps Toward Democracy Slip

### Continued from page 11

But progress under Mr. Chun on the North Korean question has not been significant, leading many South Koreans to conclude that he has relied on the security threat, as his predecessors did, to justify harsh domestic policies.

Given Mr. Chun's shortcom ings on such issues, few South Koreans view his presidency as the break with the past that Mr. Chun had hoped his term would represent. Although he has demonstrated an awareness of the nation's fundamental social and political problems, he is seen to have

Instead, the president is likely to retire nine months from now as. a distant, unapproachable leader who is unable to take advice. some associates indicate, even from trusted party leaders.

A newspaper poll conducted earlier this year indicated that 86 percent of those questioned dis-

approved of his government.

Apart from Mr. Chun's diplomatic advances and the health of the economy, what has lent his regime a limited degree of legitimacy, ironically, is his willingness in stepping down at the end of his term in February.

More than anything else, however, the cancellation of constitutional talks in April is seen to mark a failure on Mr. Chun's part to deliver the peaceful transfer of power to which he has long been committed. At a national convention scheduled for June 10, the governing party is expected to designate Roh Tae Woo, the party chairman, as its candidate to

ations of mature politicians are

Mr. Chun has long promised to

begin a long-term effort to de-

volve political power in South Korea downward by reconstitut-

ing provincial legislatures and al-

officials who are currently ap-

pointed by Seoul. Only now, however, has the ruling party

mounted a belated drive to devel op a local autonomy program.

In a year of frustration and

sential step if South Korea is to

surate with its economic ad-

develop a political system com-

vances. Encouraging the process,

regardless of the potential politi-

the legitimacy of the leader elect-

ed later this year.

cost, is likely to be one key to

nism, this has emerged as an

ing localities to elect many

succeed Mr. Chun. Although Mr. Roh's nomination has been anticipated for some time, his probable election under the current constitution is expected to reinforce the view change from Mr. Chun.

Mr. Roh has been a close associate of Mr. Chun since their graduation in 1955 from the Korea Military Academy. Like the president, he is closely identified with the suppression of a popular uprising seven years ago in the southern city of Kwangju, during which at least 200 students and workers died.

"Roh's ascendancy may may not be peaceful," a local commentator said recently. "But either way, not many South Koreans will accept it as a transfer of

The profound sense of disappointment with which South Koreans view recent developments is focused on both sides of the political equation. Increasingly, both Mr. Chun and his opponents are recognized as similar products of political system that has stubbornly resisted modernization.

Centuries of overcentralization in Korea, according to academic analysts, have deprived the na-tion of the intermediate political institutions through which gener-

# Higher Liquidity May Help to Free Banks

EOUL - South Korea's banks remain the soft underbelly of an otherwise ebullient economy. They are heavily subject to government intervention and reliant on government support due to their heavy exposure to "problem" companies, particularly

in the construction and shipping sectors.

Although government officials like to expound their faith in liberalization of the banks, which would theoretically improve their ability to make profitable judgments on

their own, this goal seems far off. But two economic achievements last year suggest the system could be closer than expected to a more indepen-

The most striking of these was the country's substantial current account surplus of \$4.65 billion, which is expected to grow this year. Also, 1986 was the first year when savings ceeded investment; the savings ratio shifted up a point to 32 percent, while the investment ratio fell a point to 31

With these two developments, some of the best arguments for controlling the banks have disappeared. South Korea has historically been a capital-scarce economy, dependent on foreign loans, which have made it the world's fourth largest debtor. External debts reached \$46.8 billion.

or 57 percent of gross national product, in 1985. Because of the funds scarcity, the government has taken a strong hand in the management of finance. Now, higher savings rates mean that policies such as interest-rate fixing to draw money into the banks (and out of illegal curb markets) could start to be relaxed.

All this, of course, is not as simple as it sounds. As Deputy Prime Minister Kim Mahn Je explained. "We have financial system geared to life in deficit; you cannot suddenly go into reverse gear overnight."

Indeed, efforts to cope with the increased liquidity

probably has reinforced rather than reduced the govern ment's presence in the daily operation of South Korean and foreign bank branches.

It will take more than a few years of current account surphises to weaken the close ties between the banks and government. The country's four main commercial banks were state owned until the President Chun Doo Hwan came to power in 1980. In the name of liberalization, they have since been sold off, but their presidents continue to be selected by the Ministry of Finance, frequently from its

Loan decisions have traditionally been made for bureaucratic or political rather than for business reasons, leaving the banks with large portfolios of bad loans. Estimates of the size of these loans, mainly extended to shipping and

construction firms, are difficult to make because the figures are kept secret. While most banks reported improved profits last year, this does not take into account many nonperforming loans listed as healthy in their published

Based on borrowings from the Bank of Korea, three banks — the Commercial Bank of Korea, Choheung Bank and the state-owned Korea Exchange Bank (KEB), grew the fastest last year. KEB has recently been saddled with the management of Pan Ocean Shipping, whose shaky financial condition faced a new crists in April, when its chairman, under investigation for tax evasion and capital

flight, jumped to his death from his office in Seoul. For foreign banks operating in the country, South Korea is becoming a more complex, more difficult place to make money. The most obvious change, once again, has come with the current account surpluses: Debts are being pre-paid or refinanced on improved terms. In 1986, total external debts fell \$2.2 billion, and the drop could be \$3 billion this year.

As one U.S. banker said, "Looking at the situation in implistic terms, we do well when the economy is in trouble, and badly when things are on a roll, which they are for the time being."

External sovereign debts, usually to South Korean banks government borrowers such as Korea Electric Power Co., are generally negotiated through Seoul and Hong Kong branches of the foreign lenders and signed in Hong

Kong.

Local lending by foreign bank branches has also been

affected by the changes in the current account and debt positions. Competition for customers has become tighter and restrictions on foreign borrowing to reduce debts have

affected business. There is a sense that we are not needed here anymore,"

said a foreign branch manager. In the past year, Morgan Guaranty has downgraded its presence here, and Mellon Bank closed its representative office, withdrawing entirely from the country. A number of U.S. banks, under particular pressure from their head

to falling returns. While U.S. banks talk more of developing their nonloan fee-taking services in South Korea, it is the cash-rich Japanese, traditionally viewed with deep suspicion in South Korea because of their past role as colonial masters. who are moving in, offering unbeatable rates to increasing-

On the active secondary market in South Korean assets in Hong Kong, bankers say that the pattern is clear: U.S.

In 1984, the government pledged to conduct a step-by-step liberalization of the banking sector to help foreign

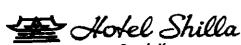
PAUL ENSOR is the correspondent in Seoul for the Far

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offices to produce results, have become especially sensitive

ly picky customers.

banks are selling and the Japanese are buying.

banks. This was initially greeted as a victory by the foreign bankers, but few at this stage are happy with the steps taken. They say the changes have still not significantly dealt with their main problem — raising local funds.

The Rising Stock Index

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A basketball game in progress at Seoul's Olympic Stadium. North Korea wants to host a third of the 1988 Games.

# North, South Grope Toward Talks

By Patrick L. Smith

Silence between North and South Korea, the possibility of renewed talks suddenly re-emerged this spring, apparently reflecting a diplomatic opening that Washington has offered the Pyongyang government.

A series of talks covering trade, family reunions and parliamentary exchanges, begun three years ago, was broken off in early 1986, when Pyongyang protested joint military exercises held annually by South Korean and U.S. troops.

The only point of contact since then has been through the International Olympic Committee, which is trying to negotiate an agreement under which North Korea would participate in the 1988 Olympic Games in Seoul.

The current flurry of proposals and counterproposals was signaled in December, when Kim Il Sung, the North Korean leader, suggested in a speech that the two sides hold a

"high-level political and military meeting."
Subsequently. Pyongyang augmented this in proposing the simultaneous resumption of discussions on trade and exchanges. It also agreed to discuss a dam project north of the Demilitarized Zone that Seoul views as a threat to its

Analysts view these proposals, advanced in early March, as a partial effort to meet the conditions that South Korea has set for the resumption of negotiations. Pyongyang's approach, some believe, may be in response to a U.S. decision in February to loosen long-standing restrictions on contacts between U.S. and North Korean diolomats.

In the most recent communiqué, sent to North Korea on April 10. Seoul agreed to a prime ministers' summit meeting but insisted that the lower-level talks, including those covering the hydroelectric project, be held first.

"To have progress in our talks, there must be a modicum of trust." said Chang Sun Sup, director general for U.S. affairs at the Foreign Ministry. "And to have that, the suspended talks must resume before we can discuss military and political matters."

The North has not yet responded to Seoul's most recent proposal. But analysts are divided as to how anxious either side is to restart negotiations.

Washington has been trying to bring the two sides back to the bargaining table in order to reduce tensions on the Korean peninsula before the Olympic Games and the transfer of power from President Chun Doo Hwan to his successor.

So far, North Korea has not accepted a

proposal under which it would host two full Olympic events and parts of two others. Its current position, based on the relative populations of the two sides, is that it should host a third of the Games — six more full events than have been offered.

A further meeting of the Olympic committee involving both sides is to take place in the next few months.

Recent shifts in U.S. policy toward South Korea also suggest that Washington has become increasingly concerned about the fragility of the nation's political evolution.

Beyond the easing of diplomatic regulations with the North, the United States has reportedly indicated that it would permit limited bilateral trade, lift visa restrictions on North Koreans and withdraw its objections to North Korean membership in some multilateral organizations.

But all of these possible steps are predicated on a resumption of North-South talks, according to reports from Washington.

Seoul has accepted the U.S. initiative, the extent of which has not been officially confirmed, with evident concern. It fears that a rapprochement between the United States and North Korea, which is a Soviet ally, could reduce its role in an eventual settlement of the peninsula's political problems.

U.S. Concerned by Pace of Change,
Urges More Open Political System

By Ralph N. Clough

ASHINGTON — President
Chun Doo Hwan's announcement
of April 13 ending negotiations
with the opposition on a revised
constitution caused deep concern in Washing-

The U.S. government, in a speech last February by the assistant secretary of state for East Asian and Pacific affairs, Gaston J. Sigur Jr., had firmly backed the constitutional reform effort, which began early last year.

effort, which began early last year.

"Old patterns no longer suffice." Mr. Sigur said. He urged the contending parties to make compromises in order to reach a consensus on a more open and legitimate political system. a change "essential for the future of the Republic of Korea and for the future of our bilateral relations."

Mr. Sigur questioned the wisdom of the South Korean military continuing to play an important role in politics. Secretary of State George P. Shultz confirmed during his visit to Scoul in March that Mr. Sigur's speech reflected U.S. policy.

ed U.S. policy.

The U.S. government's support for greater democratization in South Korea rests on a widespread recognition that social change resulting from rapid industrialization and urbanization has created a broad middle class that wants a government more responsive to the popular will.

It is recognized also, however, that the desire for political change is tempered by conservative tendencies, respect for authority and hierarchy, and a desire for stability in the face of the security threat from North Korea.

U.S. officials are concerned about rising anti-Americanism in South Korea, particularly among students. Many students accuse the United States of supporting an unpopular military leaders who support program to accuse the comments of the c

tary leader who came to power through a coup. Washington had hoped that the ruling Democratic Justice Party and the principal opposition group, the New Korea Democratic Party, could reach an agreement on constitutional revision, but as Mr. Sigur noted, the negotiations produced "more rhetoric than results."

The Democratic Justice Party made early concessions to get the negotiations started, but thereafter neither side showed significant flexi-

Thus, when the opposition split. President Chun chose the occasion to break off the talks, deciding to hold the presidential election this year under the existing constitution.

The opposition has strongly criticized that constitution because it allows Mr. Chun to choose a successor by manipulating the election of the 5.000-plus members of the electoral college. However, the constitution does force Mr. Chun to step down in February 1988, rather than cling to power indefinitely as Park Chung Hee had done.

Mr. Chun has repeatedly promised to step down then. The U.S. government expects him to do so, bringing about the first peaceful



George P. Shultz

U.S. officials are concerned about rising anti-Americanism in South Korea, particularly among students.

change of leaders in modern Korean history.

Disappointment at the deferral of the constitutional revision process to 1989 probably will cause the opposition to promote more public demonstrations against the government and student radicals may well try to step up violent action. But the government's large, well-trained police force has demonstrated its ability to pre-empt or contain demonstrations. South Korea is not ripe for the kind of popular movement that brought down President Ferdinand E. Marcos of the Philippines.

Nevertheless, a trend toward repression rather than the liberalization favored by Washington would increase the strain between the United States and South Korea at a time of growing friction over trade issues.

Moreover, increasing political polarization,

clashes with students and a growing number of political prisoners would encourage obduracy on the part of North Korea and reduce the prospects for a fruitful North-South dialogue. The United States recently has given signals to North Korea that it bopes may help ease

to North Korea that it bopes may help ease tension on the Korean peninsula. For example, Washington has played down military exercises in South Korea.

The State Department authorized its diplomats to hold substantive conversations with

their North Korean counterparts in neutral foreign locations, evoking a favorable reaction from the Foreign Ministry in Pyongyang.

The United States has also indicated that further steps are possible, such as an easing of the U.S. trade embargo on North Korea, if the North Koreans entered into a constructive

dialogue with South Korea and took part in the

1988 Olympic Games in Secul. These moves were discussed by Mr. Shultz with Chinese leaders on his recent visit to Beijing.

The United States and China share a concern for stability and a lowering of tension in Korea. Both see the limited steps taken by the United States toward North Korea and the increasing trade and contracts between China and South Korea as contributing toward these

Although Mr. Chun's decision to defer the constitutional revision process to 1989 appears irreversible, the South Korean government could take action to moderate the adverse impact of the decision.

It could ease controls on the press and permit journalists forced out of their jobs early in the Chun administration to be re-employed. It could release political prisoners. It could also modify the election laws governing campaigning for the electional college in order to give the opposition a fairer opportunity and make it less likely to boycott the election.

Most important, it could make clear that whoever is elected in 1988 would not serve the full seven-year term provided under the present constitution, but would be prepared to step down at an early date so that new elections could be held under a revised constitution. Such moves would help to counteract the vicu that progress toward a more democratic system in South Korea has been halted or reversed.

Political turbulence in South Korea would place the U.S. government in a difficult position. Military readiness against the threat from North Korea and measures to reduce the U.S. trade deficit will require close cooperation with the government of South Korea.

Yet working closely with a government that resorted to excessive repression of the opposition would be difficult. U.S. officials recognize that they have only limited influence and that they will inevitably be criticized by both sides. They expect a troubled year.

RALPH N. CLOUCH is a lecturer and coordinator for The China Forum program at the Johns Hopkins School for Advanced International Studies in Washington.

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Page 17

# INTERNATIONAL STOCK MARKETS

# High Liquidity From Profits Is Driving Stockholm Boom

By JURIS KAZA

TOCKHOLM — Traditional Swedish summer doldrums are about the only factor that can slow the house market in Stockholm according market in Stockholm, according to many analysts. Share prices have risen more than 13 percent since the beginning of the year and are up more than 35 percent from a year ago.
The total market value of shares listed in Stockholm surged past 500 billion kronor (about \$80 billion) in late April and was nearing 530 billion kronor by the end of the first week of May. The widely watched Assarsvaerlden index, which stood at 615.7 on May 9, 1986, hau climbed to 720.9 on Jan. 27, the first trading day this year. On Monday the index stood at \$16.8, down from 824.9 on Friday.

Analysts agree that the driving force behind the boom has been high liquidity on the domestic market resulting from the

'In Europe, it's rare

to find any market

that can survive on

domestic liquidity

good corporate profits of re-With interest rates falling

since the turn of the year, corporations have been shifting cash from the money market

Private individuals have also been pumping funds into
the market. The government decided to allow Swedes to deposit

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an extra 5,000 kronor in both the first and second quarters into tax exempt, so-called Everyman's Mutual Funds. Normally, the maximum annual deposit is limited to 9,600 kronor. Wage-earner funds, public investments funded by a tax on corporate profits, are also expected to pour several billion kronor

into the market as their revenues increase along with higher corporate earnings.
"There's still a lot of attraction left in the market," said Tim
Youngman, an analyst with London's Savory Milln Ltd. "Look-

ing across Europe, it's rare to find any market that can survive on domestic liquidity alone." Corporate financial assets increased by 30 billion kronor to 190 billion kronor last year, said Brian Knox, a specialist in Scandinavian shares in London's Kleinwort, Grieveson Ltd. "That leaves

the corporate community alive and kicking and filled with cash to The other striking thing about the market," he said, "is that which is missing. There have been no new issues. Now a few companies may be waiting in the wings, but even with them, it looks like new issues will be lower in Stockholm than in, say,

OR FOREIGN and domestic investors, the strategy in Stockholm, once again, is to assume that nearly everything will appreciate because of the marker's technical condition. "Everyone looks at the market with a trading view, checking the charts for what has underperformed, rather than looking at

earnings or forecast," Mr. Youngman said. Haakon Holmberg, an institutional trader at the brokerage firm of Consensus Fond Kommission, said: "Our view is to definitely buy on weakness. The downside here can't be more than 3 or 5 percent, maybe in 1-te June, when the holidays start."

Diana Barran, an analyst at Enskilda Securities, a London

investment bank owned by Sweden's Skandinaviska Enskilda Banken, added, "The market may go sleepy over the summer but in the final six months of the year, another 15 percent increase on the indexes is possible." Mr. Knox and Mr. Youngman also spoke of potential rises of

up to 15 percent or 20 percent.

Mrs. Barran said that Enskilda's core portfolio included the Swedish multinational Electrolux AB, the gas company AGA Group, the car maker Saab-Scania AB and Perstorp, the maker of

chemicals and coatings.

Some analysts said that Volvo AB, Sweden's largest automaker, could benefit from investor switching after Saab-Scania said last week that it expected lower earnings this year.

The market dropped last week on the news from Saab, and some Swedish commentators interpreted this as a sign that Stockholm's bulls might be getting nervous as well.

# **Currency Rates**

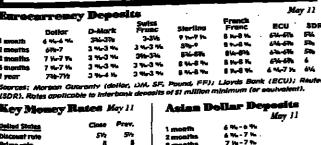
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# **Interest Rates**



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# Peugeot **Net Soars** To Record

### Sixfold Rise Helps Restore Dividend

By Axel Krause

ional Herold Tribune PARIS - The French automaker Prugeot SA said Monday that consolidated net profit rose last year to a record 3.59 billion francs (about \$600 million at current exchange rates), more than six times the 1985 level, and that it would pay its first dividend since 1981.

It set the dividend at 10 francs (\$1.67) a share. The figures far exceeded predictions by analysts.

In a major turnaround from a net loss of 341 million francs in 1984, Pengeot posted a net profit of 543 million francs in 1985, Expectations for 1986 profit had ranged from 1.5 billion to 2 billion francs.

However, Jacques Calvet, the group's chairman, said that because of accumulated losses in previous years, Peugeot had been exempt from paying French corporate income taxes since 1985. Other executives at the company said that the exemption would continue until the end of this year.

"We have begun the year in a favorable position," Mr. Calvet said, "yet weaknesses subsist. We are still not at the same levels as others" in profit.

He said that the net profit represented 3.4 percent of Peugeot sales last year, compared with 9 percent for Fiat SpA, 6.2 percent for Chrysler Corp., 5.3 percent for Ford Mo-tor Co. and 4 percent for Toyota

Mr. Calvet also cautioned that the group's short- and medium-term debt declined by "only" 2 billion francs in 1986, to 30.5 bil-

He said that Peugeot was making "substantial progress." Sales in the first quarter ended March 31 rose 11.4 percent over a year before to 28.5 billion francs. The figures inchided a 8.1 percent gain by the Peugeot-Talbot division and 18.4 percent by Citroën.

Group sales in 1986 rose 4.6 per-cent to a record 104.9 billion francs, with France accounting for 48.2 percent and Western Europe for 51.2 percent, company execu-In sales volume, Peugeot ranked

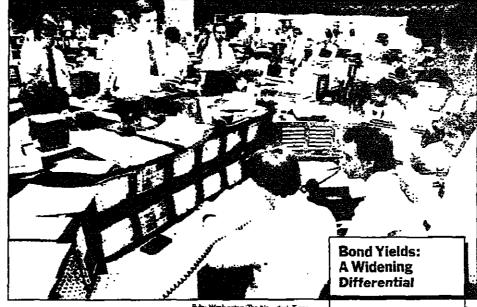
second in France after Renault SA, overcoming the most important rethe state-owned automaker. In maining technical barrier to applica-Western Europe it ranked fourth, ahead of Renault. tions ranging from high-speed computers to high-power magnets.

while, that the company has been Corp.'s Watson Research Center in the lowest temperatures. Yorktown Heights, New York, announced Sunday that the huge currents had been measured in a specially an angle of the special s holding exploratory talks for severcar assembly plant near Tripoli.

But Jean Boillot, chairman of Peugeor's automobile division, said that the discussions were "not very monly used in electronic circuits, new generation of technologies of kelvins, or minus 452 degrees, it was still must improve the materials in cated by the current political situa- on the surfaces of chips. tion" in Libya.

Mr. Boillot said that the domesly opened the door to applications been trying to measure and imtric Corp., who made some of the is warm enough for such applicapioneering discoveries in the field tions as computers, underground tic market in Libya "could prove such as electronic devices, circuits prove. promising for Peageot, where the and computer-chip interconnections power lines or advanced medical importance of the range of the rang 70,000 to 100,000 vehicles, mainly tric motors and electromagnets." pickup trucks and cars.

# A New Entreaty for Reagan Bonds



Traders at Salomon Brothers in New York during bidding for the U.S. Treasury's 30-year bonds.

By Patrick L. Smith

International Herald Tribune
TOKYO — As the results of the U.S. Treasury's quarterly credit auction began to emerge last week, Bank of Japan officials, like their counterparts in Washington, quickly sought to put the best face on it.

The prominence of Japanese investors at the \$29 billion sale of government securities showed that current efforts to restore confidence in the dollar are adequate, central bank sources said, and that volatility in the foreign exchange markets is subsiding. But the view from the markets

is different. From their perspective, the heavier-than-expected buying by the Japanese seemed to reflect an orchestrated attempt to muster a display of renewed faith in U.S. government debt issues and in the Reagan administration's efforts to stabilize the dollar.

As such, the Japanese purchases were futile. The buying underscored only

a growing conviction in Tokyo that a substantial new effort to

By James Gleick New York Times Service

have found a way to send enormous

electric currents through newly dis-

covered superconducting materials,

International Business Machines

IBM said its process "more wide-

NEW YORK - IBM scientists

needed if another dramatic drop in its value is to be averted, and if Japanese institutions are to continue supporting U.S. debt instruments to the extent they have in the past

What is needed, many feel, is for the United States to issue foreign-currency bonds, or so-called Reagan bonds. In the U.S. fiscal year that

ended in September, Japanese investors purchased 15 to 20 percent of new U.S. debt obligations, according to estimates by leading Japanese banks. They appear to have taken a similar share of the 3-, 10- and 30-year securities offered last week.

Nonetheless, Japanese dissatisfaction with the exchange-rate risks associated with such investments, which has been evident in the markets for much of this year, has not diminished. Many factors kept Japanese investors in the market, analysts suggest, but optimism about the dollaryen rate was not among them. Although central bank and Fi-

nance Ministry officials do not comment publicly, there is an defend the dollar is urgently emerging consensus in Tokyo

for science who headed the research.

ity without any resistance, unlike

waste energy in the form of heat.

But, until recently, superconductiv-

hundredth the thickness of a warm from a physicist's stand- the current was more than 100,000

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was an esoteric and expensive

nomenon that existed only at

Superconductors carry electric-

33-rear U.S cuemment Bonz 10-teat Japanese Government Bond eb May Aug No. Feb May

Rates and Blaughor dates of

that the reluctance of foreign investors to continue assuming exchange-rate risks will eventually force Washington to begin issuing bonds denominated in ven and, possibly, other currencies against which the dollar has

The U.S. Treasury secretary. James A. Baker 3d, has so far rejected the use of Reagan bonds to finance the U.S. budget and balance-of-payments deficits. The Japanese, a U.S. of-

See AUCTION, Page 21

But the key was how much cur-

the metals in ordinary wires that ic devices. A superconductor with a baking them at high temperatures.

friction - but only at a trickle.

The materials have a variety of "It's very encouraging," said and less brittle, for example. And properties that researchers have John Hulm of Westinghouse Electore that researchers have a second that the research have a second that the research have the research have been described that the research have the research have a second that the research have the research

netic fields, for example, raising the current-carrying capacities was that struggling to raise the temperature possibility of using them in mag- the new superconductors are not of superconductivity still higher.

more than 5 million.

rent the superconductors could car- together powders containing various

ry. The "critical current density" can elements - in this case, yttrium,

be crucial for magnets and electron- barium, copper and oxygen - and

low critical current would be like a The result is a crystal, with atoms

pipe that could carry water without arranged in a regular structure, but

IBM now has measured current samples produced so far have been

IBM Makes Major Advance in Superconductivity

rents had been measured in a specially prepared film only one-

them the recipe," said Praveen in existence. Chaudhari, an IBM vice president But the ke

# **OECD's Report** Calls for 'Broad' **Policy Reforms**

By Carl Gewirtz

The subjects covered in a report from agricultural subsidies to unemployment compensation, and

cow dear to politicians.

ing will endorse as "essential" that "concerted action be guided by common principles" and be "built on international cooperation."

The underlying strategy is that if all major governments move more or less simultaneously, domestic opposition will be overcome more easily because voters can be told that other countries are moving in the same direction.

Agriculture is the report's most

meeting opened. "A more market-oriented agriculture" is "unavoidable if the sector is not to collapse under the weight of its own surpluses," the

nonal Herald Teibune

PARIS - The Organization for

verely damage the situation of made public on Monday range objective of reducing subsidies. But the wording on how to implement this goal is still being negotiated. touch on just about every sacred

"It's rather like a call to endorse motherhood," one OECD ambassador remarked. such structural reform will emerge

the "medium term," and the emphasis will vary from country to

sensitive subject, and also accounts for a third of a 23-page draft of the communique to be issued at the end of the conference. Disputes over the final wording have dramatically slowed the drafting of the final statement, which was to have been largely completed before the

ly do not conduct electricity at all.

The materials are made by mixing

the crystal is imperfect. Most of the

To turn research into practical

manufacturing techniques, scientists

several ways, making them stronger

tions as computers, underground

THE AUDEMARS PIGUET

# direct and indirect agricultural subsidies cost about \$30 billion a year in

the United States and about \$50

billion in the European Community.

increasing distortion of competi-

tion on world markets and run

They will support the long-term

The report also attacks subsidies

priorities too diluted," it says, and

"subject to little effective monitor-

Both the report and the draft

• Reverse the trend to restrictive

communiqué emphasize the need

many developing countries."

The ministers will agree that "ex-

Economic Cooperation and Development, on the eve of its annual cessive support policies entail an meeting of ministers, has called for "broad, bold and sustained" govemment action on a range of docounter to the principle of compar-ative advantage which is at the root of international trade" and "semestic policies that help impede competition and slow economic

to industry. "Goals were too broad. At best, the beneficial effects of ing" in sectors that have become only in what the OECD report calls uncompetitive.

But the two-day ministerial meet-

trade measures because international trade competition is "the most powerful means of promoting economic efficiency and growth." • Continue liberalizing financial · Reform taxes, focusing on sim-

plicity, equity and a reduction of distortions affecting incentives to work, save and invest • Improve the quality of education and training, adapting them to the technological and structural

changes now under way.

Although the subject is not mentioned in the draft communique, the report calls for reforming the public sector to weed out programs whose goals have been met or whose underlying premises are no longer val-id, and for adjusting government spending and taxation to the trend toward slower economic growth.

### U.K. Committee On Takeovers to Be Strengthened

LONDON - The body that monitors British takeovers will be made more effective and brought into the framework of the Financial Services Act, Trade and Industry Secretary Paul Channon said Monday. He told Parliament that a re-

view of the Panel on Takeovers and Mergers, conducted by his department, the Treasury and the Bank of England, was com-The measures, which take ef-

fect later this year, would give the takeover panel access to commercial information to help it assess proposed mergers and bids, an official said.

He said the panel would have authority to request the department or stock exchange to appoint investigators to study possible breaches of its code. it could not appoint them itself,

# EC Tariffs on Japan Termed Unlikely

By Barry James

PARIS - The European Community, which has begun monitortrade dispute between Japan and the United States, is not likely to impose sanctions even if it finds that electronics goods are being diverted to Europe, according to several economic analysts.

"My impression is that the European Community will not, in the end, take concrete measures against Japan," said Uli Wittmann, of the Bank of Liechtenstein, in Frankfurt.

The EC's executive committee in Brussels began its surveillance on Friday and is to check daily on imports of Japanese color televisions, personal computers and power tools.

Those were the products on which the United States recently imposed 100 percent tariffs in retaliation for what it alleged was the dumping of Japanese computer chips in third countries.

The EC's foreign ministers agreed April 27 in Luxembourg to require import licenses for products on which U.S. tariffs had been imposed if a major diversion of those goods was detected.

Sources in Brussels said that if diversions are found the ministers, when they meet this month in the Belgian capital, might accept a proposal to prepare tariffs but are not likely to impose them immediately. Some analysts said that the EC, in this way, could engage in muscle-

meeting in Venice of seven leading industrialized countries.

flexing before next month's summit

not want to become embroiled in a it to the sort of accusations made trade war with Japan, either.

where they form microscopic wires electricity and magnetism.

For one thing, the analysts said, Western Europe has not been peneing Japanese imports to its 12 trated by Japanese goods to the members because of the continuing extent the United States has. The volume of trade is far smaller. In the last fiscal year, Japan's surplus with the United States, at \$52.02 billion, was bigger than all Japan's sonal computers, color TVs and exports to the EC, at \$44 billion.

Also, European nations, particularly West Germany, depend far more than the United States on foreign trade, and are therefore more concerned with avoiding mutually damaging sanctions.

Europeans, too, have had more success at gaining entry to Japan's

than any other firm of its kind.

Furthermore, Japan is seen by many in the EC as the successor to the OPEC oil sheikhs of the 1970s. European governments are courtfrem Tokyo.

Finally, the problem over perown accord. Many expect the U.S. tariffs to be lifted before the meeting in Venice.
But the EC watch on these goods

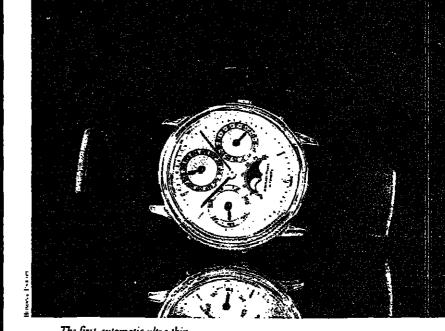
"could be an indication of things to come," said Richard Reid, of the brokerage firm of Phillips & Drew in London, "The debate about Japanese imports to Europe is likely to markets than have American com- become much more heated if the panies, while West Germany has piled up trade surpluses that open United States continue unabated."

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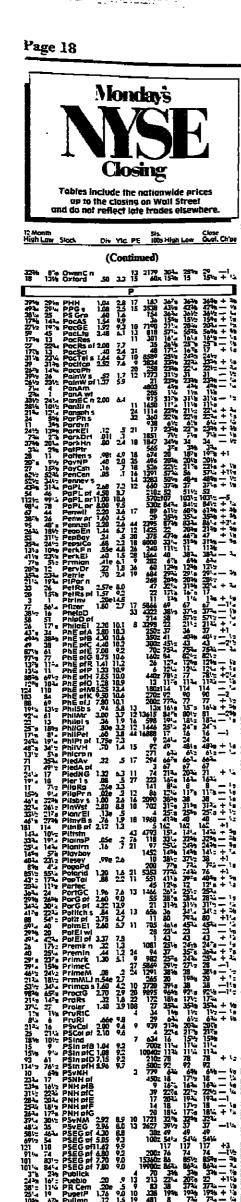
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U.S. Futures

Via The Associated Pres.



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**Company Results** 

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# Lyonnaise des Eaux Is Seeking To Raise Capital, Issue Bonds

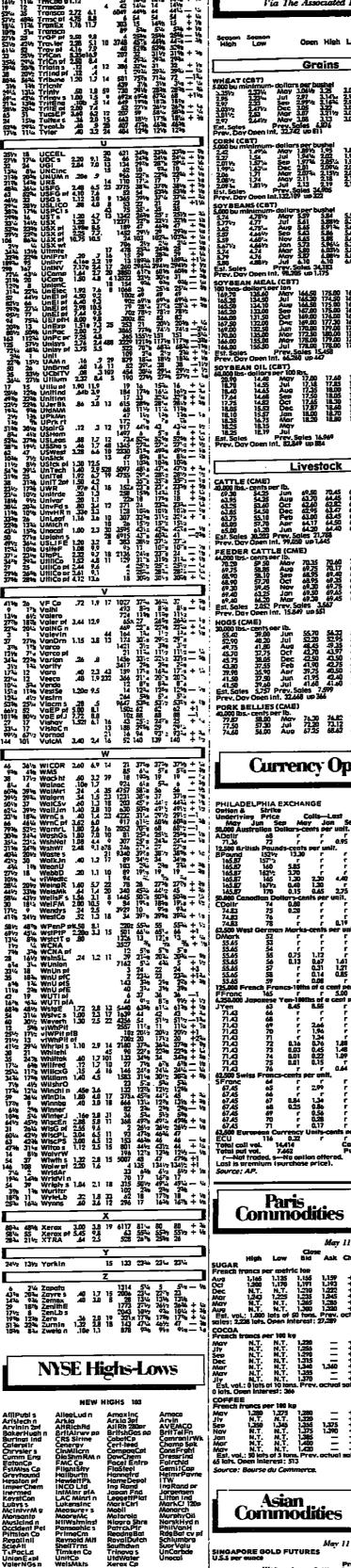
PARIS — Lyonnaise des Eaux et de l'Eclairage, the water and cable group, said Monday that it would seek shareholder authorization for a capital increase and an issue of stock option

bonds.

The capital increase, to be carried out over five years, would allow the company to raise its capital from 921.7 million francs (\$154 million) to a maximum of 2 billion francs. The bond issue, to be made over two years in France and abroad, would be for a maximum of 1 billion francs.

# Retail Sales in Britain Fell 1.2%

lower than in the previous three months but 5 percent higher than in the same period of 1986. Non-seasonally adjusted sales on a value basis winceining-rittsduring in the many in the in March were o percent higher than a year



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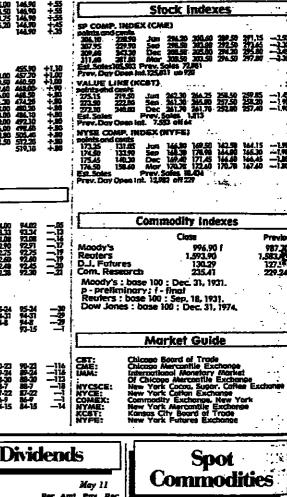
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MANY HC

U.K. Fined Airlines With Illegal Travelers Agence France-Presse

LONDON — More than 600 fines have been levied over the past two months on airlines that have flown illegal immigrants to Britain. The £1,000 (\$1,600) fines apply to any organization carrying to Britain any persons who do not have valid passports or visas, the government said. The measure was agreed upon in February after the arrival of a group of 60 Sri Lankan illegal immigrants at Heathrow

DM Futures

Options illegal immigrants at Heathrow Airport.

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54 1.97 58 1.12 54 0.55 57 0.21 58 0.10 57 0.85 Est. force vo Jamaica Bauxite Output Rises The Associated Press KINGSTON, Jamaica — Baux-ite output rose 20 percent to 1.8 million tons in the first quarter, from 1.5 million tons a year earlier, the Jamaica Bauxite Institute re-ported Monday.

# In March After Rise in February Tesoro Petroleum 2nd Quar. 1987 1986 Revenue 340,1 367,2 54,7 1st Half 1987 1984 Revenue 682,7 870,0 Net Loss 428 632, Mels Include gain of \$5.7 millian vs loss of \$5.9 7 millian.

LONDON — Retail sales in Britain fell a seasonally adjusted 1.2 percent in March after rising 2.75 percent in February, the Department of Trade and Industry said Monday in its revised report.

Sales from January to March were 1 percent



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# **Chrysler Parts Becomes Subsidiary**

Corp. announced Monday that it could turn its parts-making dividon into a wholly owned subsidiary named Acustar Inc. in an effort to broaden sales of

## Travenol to Buy Caremark for \$528 Million

NEWPORT BEACH, Califorma — Baxter Travenol Lab-oratories Inc., the medical supply and services company, announced Monday it had signed an agreement to acquire Caremark Inc. in a transaction valued at about \$528 million.

Baxter is to exchange \$21.33 worth of its common stock for each share of common stock in Caremark, which also provides medical services.

It also said it would enter into proxy agreements with certain members of Caremark's management, who would authorize Baxter to vote in favor of the merger. Baxter Travenol's share price fell \$1.375 after cement to close at \$23.50 on the New York Stock

The company said it has been granted an option to purchase about 4.3 million Caremark shares, or 18.5 percent of its common stock, at \$21.33 a share if another bid is made for Analysts said the decision sets the operations with the aim of cutting stage for a later spinoff of the unit. costs and expanding sales outside The parts division, which be came a separate Chrysler unit in January 1985, had \$2.8 billion in

revenue last year, with sales outside fort to broaden sales of Chrysler amounting to \$500 mil-components to other automakers. lion. It posted a a \$250 million officials at Chrysler, the thirdargest U.S. automaker, said that Acustar's status as a subsidiary

would make it easier for the unit to arrange joint ventures with outside suppliers who are wary of sharing their technology with Chrysler.
Company officials who asked
not to be identified said that as a ubsidiary, Acustar also would be

better equipped to sell to Japaneseowned assembly plants. Chrysler may eventually offer stock in Acastar, but does not plan to do so in the near future, said Lee was named president of the new

The move comes at a time when the top three U.S. automakers are is under way, he added. focusing attention on their parts

General Motors Corp., for example, has said that about 10 percent of the components it makes are not competitive with those available from outside suppliers. Company officials have indicated they plan to

stop making those parts soon. For Chrysler, making the parts division a subsidiary would highlight the unit's financial performance instead of burying it among Chrysler Corp.'s overall results.

Chrysler said that the new subsidiary would be based in Warren, Michigan, outside Detroit, employing about 24,000 workers at 21 plants in the United States, Canada

Mr. Runk said that the operation would change its product mix in Runk, a Chrysler executive who the future, shifting its emphasis from parts production to the design of entire component systems. A

(Reuters, UPI, NYT)

# CGE Shares Sold to Public Will Trade From June 3

PARIS — Shares in Compagnie Générale d'Électricité, whose saie to the public began Monday, will be introduced June 3 onto the Pans Bourse's monthly settlement market. CGE's chairman. Pierre Suard.

A price of 290 francs (about \$48.45) a share was set last Thursday for the public offering of 35.6 million shares. Another 4 million shares have been set aside for employees at special discounts. The public offering ends on May 23.

Mr. Suard said that the shares had been valued at 346 francs by the brokerage of Fauchier Magnan and at 335 francs by the firm of Leguay Massonaud.

After the public offering, CGE will issue 21.8 million new shares to raise 6.3 billion francs, and 21 million of CGE's nonvoung shares outstanding will be converted into the new shares. Details of the foreign offering, of 7.92 million shares, were also given Monday by David Dautresme, a partner at Lazard Freres & Co.

Lazard and Société Générale will be the lead managers. He said that regional co-leads - Deutsche Bank AG. Societé de Banque Suisse (Luxembourg) SA, and SG Warburg & Co. - would handle 15 percent each in Europe. Ten percent would be placed in the United States, with the remaining 45 percent bound for the rest of the

CGE. France's second-largest industrial company, was nationalized by the Socialist government in 1982.

# Burlington Considers Restructuring to Elude Takeover Bid

GREENSBORO, North Carolina — Burlington Industries Inc. said Monday that it is considering a major restructuring in an effort to clude a \$1.6 billion takeover bid, including the

possible acquisition of one of the bidders. As the first step, Burlington said it would begin as soon as possible a cash tender offer for up to 8 million shares of its common stock at \$80 a share. It also said it would consider increasing the number of shares to be pur-

That price is substantially higher than the \$67 a share offered by Dominion Textile Inc. of

financier. Burlington's stock price fell 12.5 cents a share Monday on the New York Stock Exchange to close at \$64.25.

The board said it was giving particular consideration to a possible acquisition of Dominwas recommending that shareholders do the

Other steps under consideration, Burlington said, are a merger or other business combination involving the company or one or more of textiles and also manufactures carpets, upholits principal operating groups, or a leveraged stery and other fiber products.

Canada and Asher B. Edelman, a New York buyout of Burlington or part of the company. financier. Burlington's stock price fell 12.5 It also said it was considering the sale of cents a share Monday on the New York Stock equity or other securities of Burlington or any of its subsidiaries.

"We see our mission as being agents of con-structive change," said Frank Greenberg, the company's chairman and chief executive offi-It said it had rejected the takeover bid and cer. "We have recently made significant progress toward solving most of our major probems, and have the opportunity to do even

Burlington is the biggest U.S. producer of

# Europe Joins Semiconductor Battle

# As Chip Sales Rise, So Do the Competitive Joint Ventures

By John Tagliabue

BONN - The decision by the Thomson Group of France and STET, the Italian state telecoma highly compensive market.

The joint venture between the ci-unit, Philips-Signetics, is Europe's vilian semiconductor business of biggest semiconductor maker, with Thomson Semiconducteurs and the sales last year of \$1.36 billion. STET division, SGS Microelettron-

years ago. Thomson paid \$70 million for the assets of Mostek Corp., a imports. Texas microchip maker, to strength-

en its position in North America. While the U.S. semiconductor market slumped last year, chip sales in Europe rose more than 15 percent, to \$5.4 billion. But Dataquest, an industry research concern, is forecasting 1987 sales of about \$6 billion, a growth rate of 11 percent. For one, the European chip industry is feeling the pinch of the cheap dollar, which makes American-made semiconductors more

of sharp price-cutting that translated into low profits for some and losses for others.

competitive in price. Moreover, part

U.S. and Japanese chip makers.

For example, Siemens AG of West Germany recently unveiled munications enterprise, to form samples of a four-million-bit mem-Western Europe's second-largest ory chip it is developing with Philmanufacturer of semiconductors ips NV, the Dutch electronics comdemonstrates how the Europeans pany. Thomson and SGS already are trying to increase their share of are cooperating to produce and sell memory and logic chips. A Philips

The joint ventures may not be ica, is expected to have sales of more enough to fend off the more immethan \$800 million and a 3.2 percent diate problem that Europeans see share of a world market dominated arising from the semiconductor disby U.S. and Japanese companies.

The venture, announced in April, is the latest between European control and part latest but but in March cerns and European or U.S. partners the United States accused Japan of as the Europeans seek to become violating the agreement and, in remore competitive. Less than two taliation, last month imposed 100 percent tariffs on some electronics

> the Japanese government had asked its industry not to add European aggravation to the nation's troubles with the United States. \$150 million. But then the Europeans began to fear that, in addition to being conduit for chips destined for the United States, they might also be the recipients of products shut out of the U.S. market by the tariffs.

Still, the influx of chips from Japan has not been all bad.

"In the last years. European inof last year's growth was the result dustry accomplished an awful lot of modernization and cost-cutting in the face of the Japanese challenge." A few companies, while still prof-said Hans De Haan, who directs stable, scrambled to form joint ven-market research at the German unit

tures to develop products that could of Texas Instruments Inc., the largest U.S. chip maker in Europe.

Others said that the industry has been helped by its close links to manufacturing. Some of the largest European semiconductor compa-nies, such as Philips and Stemens, are units of large, diversified electrical and electronics companies that use many types of chips in a broad range of products, from computers

to videocassette recorders. Analysts also say a large market is emerging among small machinery manufacturers in countries such as West Germany and Italy, which are increasingly using semi-custom chips to run machines and link them to company computer systems.

Three years ago, seven European electronics concerns formed European Silicon Structures, or ES2, whose directors describe it as a "one-stop shop" for equipment and services to enable companies to design and produce semi-custom

chips, gate arrays and logic chips. Helmut Schmitt, ES2's vice pres ident for central Europe, said that by 1991 he expects the company's market to be worth \$100 million to



# De Benedetti, Spanish Bank **Consider Investment Firm**

MADRID - Carlo de Benedetti, an Italian financier who is

Through Cerus, a Paris-based inalso chairman of Olivetti SpA, is

vestment offshoot of the de Beneth companies, banking sources said Monday.

A spokesman for Banco Zaragozano said talks between its chairman, Jose Ramon Alvarez Rendueles, a former governor of the Bank of Spain, and Mr. de Benedetti had been going on for more

"Nothing has been finalized yet and it remains to be seen who ultimately will control the company," the spokesman said. But he said he pected an agreement by June or July at the latest. Mr. de Benedetti, who is head of

his own independent finance player in the revival of Italian pri-

outside Italy. Through Cerus, a Paris-based innegotiating with a Spanish bank to detti group, he has bought significreate a joint investment company cant holdings in French companies. to buy stakes in fast-growing Span-including Valeo, a maker of motor parts, and the fashion house Yves Saint Laurent SA.

Mr. Alvarez Rendueles sits on the board of Hispano Olivetti, the Spanish subsidiary of the Italian

office automation company.

The spokesman denied a report in the Spanish daily El Pais that Spain's department store group El Corte Inglés SA was also involved in the negotiations with Mr. de

He said no other interests

involved in the talks. But he did not rule out that a Spanish construction company, Construcciones y Contratos SA. which has a 30 percent holding in group, Colide, has been a leading Zaragozano and is the bank's largest single shareholder, might be asked to buy a stake in the planned He has also recently moved ag-

### Nedbank Says Net Rose 80% in Half

JOHANNESBURG - Ned- second half. bank Group Ltd., the South Afri-tan banking group, reported Mon-day that its net profit rose 80 the year-earlier period.

The group's per-share earnings rose to 37.2 cents from 35.7 cents in the year-earlier period. percent for the first half ended the year-earlier period. March 31, to 58 million rand (\$29.1

up 71 percent from 45.2 million a million against 3.7 million, and

Horwood, said that earnings rose in a loss of 2 million in the earlier

Nedbank said the first-half fig- 1985-86. UAL Merchant Bank Ltd. - ure included 43.7 million rand set provided 11.1 million rand against aside for bad and doubtful debts. 5.3 million; Syfrets Trust 6.1 mil-Pretax profit was 77.3 million rand, lion against 5.9 million; Nefic 3.8

ed continued improvement in the

Nedbank Ltd. contributed 32.4 million), from 32.2 million a year million rand to net profit, up from 21.8 million in the first half of fiscal Finansbank 5 million. Nedfin Bank The bank's chairman, Owen had a profit of 1 million rand after

### all of the group's units. He predict- period.

COMPANY NOTES Bank of America, a unit of Bank-

giam. Terms were not disclosed. Cominco Ltd. has declared force

majeure on outstanding contracts after shutting its Trail, British Co-lumbia lead and zinc smelter and its Kimberley mine after workers struck over wages.

Hendry Hay McIntosh, an Auck-land, New Zealand, broker, is bid-

said it may refuse to register transcommon and participating prefers until it can determine who is
ferred stock currently valued at

behind recent buying of its shares.

IEP Securities Ltd., a subsidiary
of Brierley Investments Ltd. of
in principle to telecommunication, and it holds 6.75 million ordinary shares in Horizon Travel PLC, or around 13.5 percent of the Hughes Aircraft Co. for an undis-

Sued share capital. Inland Steel Industries of Chicafering of 3 million shares of common stock. Proceeds will be used to redeem a major portion of its \$150 plantation in Indonesia, Indonego registered a proposed public ofmillion principal amount on outstanding bonds.

Kokusai Denshin Denwa Co. said America Corp., has agreed in prin-ciple to sell its East Asia bank card seas Telecommunications Commisoperation in Hong Kong to Citision of Australia and the New Zeabank for around 117 million Hong land Post Office the possibility of a Kong dollars (about \$15 million).

Chevron Belgium Refining Co. said it has concluded the sale of a and Australia.

Feluy Tanking SA, of Feluy, Bel-Ltd., a unit of the Japanese construction giant, said it will become the first Japanese company to be listed on the Hong Kong Stock Exchange. It announced a public issue of 67 million new shares of one Hong Kong dollar each at a subscription price of 2.50 dollars.

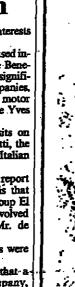
land, New Zealand, broker, is bidding for 10 million shares, or 10 percent, of media group Wilson & Horton Ltd. at 10.50 New Zealand dollars (about \$6) a share for an umamed client. Wilson & Horton States for \$1 million in cash, and participating transports.

M/A-Com Inc. said it had agreed in principle to sell its M/A-Com telecommunications division to General Motors Corp.'s subsidiary

Scott Paper Co. of the United sia's Investment Coordinating Board said. It did not elaborate.

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# **Pollar Mostly Lower in New York**

NEW YORK - The dollar osed mostly lower in New York on Monday after earlier gains were trimmed when some commodities futures prices jumped sharply.

The dollar hovered at 140 year all day and was just below 1.80 marks, a New York dealer said. "Technically it looks like the dollar could move higher, but the market sponse to a jump of more than 6 is cautious ahead of the March trade numbers."

The U.S. government is to report trade figures on Thursday. Dealers at an annual rate equal to 1986's record \$170 billion gap.

In New York, the dollar closed at modities index surged. 1.7905 Deutsche marks, down from 1.7910 on Friday, at 139.55 yen, with this development and what it dollar was fixed in Frankfurt at down from 139.75; at 1.4735 Swiss could herald for inflation," said francs, up from 1.4720; and at William V. Sullivan Jr., senior vice 5.9820 French francs, down from

British pound, which closed at herald important changes in psy-\$1.6615, against \$1.6745 on Friday. chology." According to many dealers, the dollar closed slightly higher dollar faded late in the day in re-

1,745 1,659 140,00 1,4775 4,0025 Source : Res

London Dollar Rates

points in the Commodity Research Bureau's index that measures 26 pound, which closed at \$1.6590,

futures contracts. Most of the gain in the index, whether the dollar's fall has begun York Futures Exchange, was during the morning to curb the to have an impact on the merchan-caused by a sharp advance in grain pound's strength. dise trade deficit, which is running and seed-oil prices that some participants see as inflationary.

> "The market is uncomfortable president of Dean Witter Reynolds

inc. "Futures prices at times can The dollar was higher against the give false signals, but they often

5.9318 Thursday. The Paris market

### ectations that Britain and possibly West Germany will reduce their To Join EMS interest rates in the near future. In London, the dollar closed at

1.7965 DM, up from 1.7875 on Friday; at 140.00 yen, up from on 139.50 Friday; at 1.4775 Swiss LONDON -Britain's ruling francs, up from 1.4690; and at 6.0025 French francs, up from 5.9700. It was also higher against the

aeainst \$1.6743. Some dealers said the Bank of said they will help determine which itself is traded on the New England had intervened strongly

> Later, the pound was depressed by profit-taking after the an-Bond prices plunged as the com- nouncement of a British general election on June 11, dealers said. In earlier European trading, the

> > 1.7972 DM, up from 1.7844 Friday, and in Brussels at 37.2875 Belgian francs, up from 37.0200. In Paris, the dollar was fixed at 6.004 French francs, up from

was closed on Friday because of the V-E Day holiday.

# U.K. Tories Say Time Not Right

Conservative Party said Monday that the time was not yet right for the pound to become a full member of the European Monetary System.

The Campaign Guide 1987, issued by the Conservative Par-ty immediately after Monday's announcement of a June 11 general election, said the issue of full EMS status for the pound was finely balanced.

"The government keeps the option of membership under review," the guide said, "and will join when the balance of advantage is clearly in favor. The government does not believe that

the time is yet right to do so." In the EMS grid, eight European Community currencies fluctuate against each other within strict limits. The pound is not part of the mech but British ministers take part in EMS meetings.

Egypt Launches Limited Free Market for Foreign Exchange

CAIRO — Egypt launched a finited free market for foreign ex-change on Monday, letting banks rates. fix market rates for hard currencies. The move was aimed at curbing speculation and black market

Bankers described the measures, announced by Economy Minister Youssri Mustapha, as a controlled float of the national currency, the

standby credit agreement with the ing sector by setting a "realistic" International Monetary Fund, exchange rate.

which wants Egypt to adopt a system of unified foreign exchange

A bankers' committee, which 2.1675 pounds to the dollar on were estimated at \$2.5 billion last cent rate of 2.15 on the unofficial but tolerated "free market," which

through the black market. determine the pound's value "with interference.

Supply and demand, rather than

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He said the measures were a start

The new rate will be used for tourism revenue and foreign-exchange transactions at commercial banks, as well as for remittances from Egyptians abroad. It will also be used to finance 40 percent of imports, mainly nonessential items.

age is expected to secure Egypt \$300 million in IMF credits.

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Nonetheless, such instruments

are now mentioned in Tokyo as the most effective way to restore confidence in Washington's ability to control the dollar and its willingness to spread exchange-rate risk in a fair manner.

themselves."

ficial said recently, "are talking to

The only immediate alternative, scuior analysts suggest, is a rise in U.S. interest rates substantial enough to keep Japanese investors in the market for Treasury issues. But this would also choke off the already weakening U.S. economy and exacerbate the problems that American banks have with Third

World debtor nations. "The notable feature of the market now is that it no longer believes in what the U.S. government is saying," said Nobumitsu Kasami managing director of Nomura In-

vestment Management Co. "Sooner or later, President Reagan is going to have to take a more serious approach than he has so

Last week's Treasury auction particularly Thursday's offering of \$9.25 billion worth of 30-year bonds, was watched closely as a measure of Japanese confidence in the dollar and in the modest adjustments to short-term interest rates that Washington now hopes will strengthen the currency against the

In their meeting last month, President Ronald Reagan and Prime Minister Yasuhiro Nakasone agreed on a coordinated plan to push U.S. rates higher and Japanese rates lower, enhancing the at-

tractiveness of dollar investments. Despite the market's nervousness —or in recognition of it, many analysts say — Japanese purchases

sed from first finance page) for almost half of the Treasury's implemented, market analysts say, stration of Washington's determi-

long-bond sales, according to most are simply not enough, market estimates, compared with Nor is there much faith in the

purchases of 30 to 35 percent in the discommi-rate cut that Tokyo is bonds would provide the United quarterly financing held in Febru-widely expected to announce prior States with a reserve of yen that But those firms are estimated to ing that is to be held in Venice next rency markets in the dollar's favor. have presold half or more of the month. long-term bonds at auction, finish-

ing with less than 20 percent of the ering support for last week's Trea- offer, proponents point out. sury sales. However much the cen-On a net basis, market sources in ingly feared since the last auction, earlier portion of the auction.

is already apparent. But few analysts see much evidence of exchange-rate optimism in these purchases were intended this result. In part, Japanese inves- partly as a signal that Tokyo would tors appear to be protecting their similarly support a U.S. decision to in Deutsche marks and in Swiss

Although the Carter bonds helped stabilize the dollar, their identification with President Jimmy Carter is the chief reason that the Reagan administration

refuses to consider something similar.

own positions from the consequences of a precipitous drop in uncertain whether the government prices. They are probably recycling plans to give its official backing to dollar boldings on which they are

rency losses. Beyond this, institutional buyers appear to have been substantially urged the use of Reagan bonds af-

participants. only since the February auction; months. many other Japanese firms hope to

follow suit. The spread between long-term Treasuries and Japanese govern-

unwilling to realize substantial cur- struments among the major Japa-

nese holders of U.S. debt. Banks and other institutions first

overshadowed by securities compater the dollar slipped from a posities anxious to appear as active tion of temporary stability earlier participants.

Nomura Securities Co. and low against the yen late last month. Daiwa Securities Co. have been al- they have begun to assert that the lowed to act as primary dealers in issue of such instruments will be the U.S. government debt market come unavoidable in coming "We've reached the point where the U.S. government debt market come unavoidable in coming

> faced by Japanese investors, some economists say, the issues should be calculated according to the

AUCTION: Sale Bolsters Japanese Belief That Reagan Bonds Are Needed

nation to defend the dollar-Apart from this, the Reagan to the seven-nation summit meet- could be used to intervene in cur-Financing in yen also would be It is unclear how much influence significantly cheaper than the rates the Bank of Japan exerted in gath- that Washington is now required to

The Japanese proposals appear Tokyo said, Japan's withdrawal tral bank may have prodded the to have been inspired by Washing-from the U.S. debt market, increas- private sector, analysts believe it ton's first use of foreign-currency purchased up to \$700 million in an bonds, under President Jimmy Carter. Beginning in 1978, the Trea-Some market sources assert that: sury issued a total of about \$4 billion worth of medium-term "Carter bonds," which were denominated

> Although the Carter bonds helped stabilize the dollar as part of a larger package of measures to defend the currency, their identification with the Carter administration is seen as the chief reason that Washington has so far refused to consider them.

Mr. Baker first rejected the issue of Reagan bonds late last month. A Treasury official reiterated the U.S. position in announcing the department's fund-raising schedule two

weeks ago. Neither does the Reagan administration appear prepared to ac-knowledge that U.S. dependence on inflows of foreign capital to fi-

nance deficits is likely to be a lasting phenomenon.

But Japanese investors, whose support of U.S. deficits is now es-

sential, assert that it is too late to do anything but simply sweep these

shame or political embarrassment To reduce the currency risks now is no longer a part of the equation, said the chief economist of a lead-

ing Japanese bank.
Now we need definite action to

**Mondays** NASDAQ prices as of

Via The Associated Press Soles in Nei Div. Yid. 100s High Low 4 P.M. Orige

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The government especially wants to encourage Egyptians working abroad to repatriate their money through official channels. will set rates daily, fixed a rate of Savings sent home unofficially

Monday. This was close to the re- year. About \$3 to to \$4 billion overall is estimated to flow yearly the new rules are intended to beat. Mr. Mustapha said the pricing
The central bank governor, Mocommittee, which includes publichammed Salaheddin Hamid, said and private-sector banks, would The measures were part of a ing foreign exchange into the bank- complete freedom and without any

speculation, would determine daily rates, he said.

toward a unified single rate "over maybe a year, maybe more."

The IMF economic reform pack-

of U.S. bonds were heavier than ment bonds is now nearly 6 per-share of new U.S. debt that Japan avoid distorting capital inflows."

even the optimists had hoped. centage points. But the interest-purchases. But others view Reagan he added. "Policy coordination is Buyers from Tokyo accounted rate policies now being bonds first as a symbolic demon- no longer sufficient." 13 Mentin High Low Stock Sales in Her Div, Yid, 1885 High Low 4 P.M. Chiga Jew Stock Dev, Ykl.

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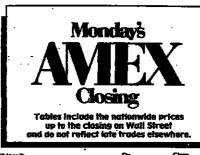
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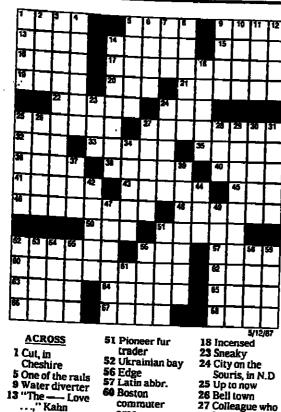


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**BOOKS** 

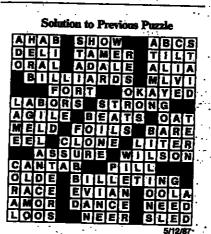
MODERN DICTATORS: Third World Coup Makers, Strongmen, and Populist Tyrants

By Barry Rubin. 385 pages. \$17.95. McGraw-Hill Book Co., 1221 Avenue of the Americas, New York, N. Y. 10020.

Reviewed by William Drozdiak

N the past decade, a procession of coups and revolutions has dramatized how swiftly critical alliances and strategic stakes can change in the modern aga. The toppling of the Pahlavi and Somoza dynasties yielded revolutionary regimes in Iran and Nicaragua that remain extremely hostile to American interests. The replacement of military juntas in Brazil and Argentina by democratic governments, as well as the ouster last year of the Duvalier regime in Haid, were welcomed in contrast as progressive steps toward more stable and humane rule in our hemisphere.

But with the notable exception of the Philippines, where Washington helped persuade Marcos to flee into exile and make way for Corazon Aquino, the United States all too often ends up on the losing side in the turbu-lence of Third World politics. Leftist rebels who take power escape responsibility for their problems by blaming the United States as the imperial enemy whose plundering or bullying causes the social and economic ills of their country. Rightist rulers may deplore the ambiguity of American support, even while popular



resentment festers because the United States is not seen to be doing more to encourage progress toward democracy and respect for human

the plantage of the services of the state of the services.

A critical and troubling problem facing American foreign policy, argues Barry Rubin. a fellow at the Foreign Policy Institute of Johns Hopkins University School of Advanced International Studies, is learning how to deal effectively with foreign dictatorships. "Americans are more inclined than other nations to want to convert foreign dictatorships into democracies but are less equipped to understand how such systems work and why they survive or fail," he Writes.

The book is most successful in explaining the historical legacies that enabled juntas to exercise control over nearly all of Latin Art Lrica. Rubin also describes the shrewd exploita-tion of tribal rivalries and the army — very often Africa's only functioning political insti-tution — that consolidated power for such lyrants as Uganda's Idi Amin and Zaire's Mo-britu Sass Sako, Bukin also was a wall his band butu Sese Seko. Rubin also uses well his background as an author of earlier books on the Arab-Israeli conflict and the Iranian revolution by comparing the vision of Ayatollah Khomeini and Moammar Gadhafi, whose "revolutions flourished from the very failure

and degeneration of their traditions."

Gadhafi, Rubin says, resurrected the notion of Arab nationalism despite widespread cyni-cism and disillusionment caused by Nasser's failures in economic development and wars with Israel. Khomeini's fundamentalist revolt succeeded primarily as a reaction against the shah's modernization drive that had submerged Islam, yet also inadvertently promoted its rise to the vanguard of political opposition because Islam was seen as the last bastion of

purity in an otherwise corrupt society. [I]
Ultimately, "Modern Dictators" falters in
not delivering the kind of "fresh thinking and
innovative insights"—as advertised in a blurb from Gary Hart — concerning American po-licy options in coping with the baffling array of often bostile Third World dictatorships. In discussing what to do about the Sandinist regime in Nicaragua, Rubin contents himself with a hindsight critique of Reagan adminis-tration failings.

As Rubin finally admits, "in dealing with modern dictatorships there are no total solu-

William Drozdiak is on the staff of The Wash-

# **CHESS**

By Robert Byrne

QB3 and QB2 squares with 10. . .N-R3; 11 QR-B1, B-N2, IN a tournament almost totally dominated by the generation of players in their twenuses and thrites, grandmasters
Aleksandr Belyavsky and Valery Salov tied for first place in
the 54th running of the Soviet
Championship, in Minsk.
Belvavsky. 33-wears old and

10. N-R3; 11 QR-Bl, B-N2,
but after 12 PxP, BPxP (unfortimately 12. KPxP? drops a
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such options as 16 N-Q6 or 16
N-N5); 14 Q-R4, White's initiative was not easy to curtail
Rather than try to hammer

Belyavsky, 33-years old, and Salov, who will be 23 in another his way through on the QB file month scored 11-6. They are contesting a playoff match in formed the interesting plan of Vilnius, in the Soviet Lithus-

Vilnius, in the Soviet Lithuanian Republic.

Belyavsky started on the queenside but shifted to the other wing to defeat a Dutch Defense offered by the international master Evgeny Bareyev.

Since the stonewall variation that Bareyev set up after 5. .P.B3 leaves Black weak on the dark squares, it was useful to remove their chief protector by 7, R.R.A. On a superscript of the stonewall variation of the dark squares, it was useful to remove their chief protector by 7, R.R.A. On a superscript of the stonewall variation of the disconding with 17 P. B.R.A. (30. ... NxB7, 31 C. B6ch forces w





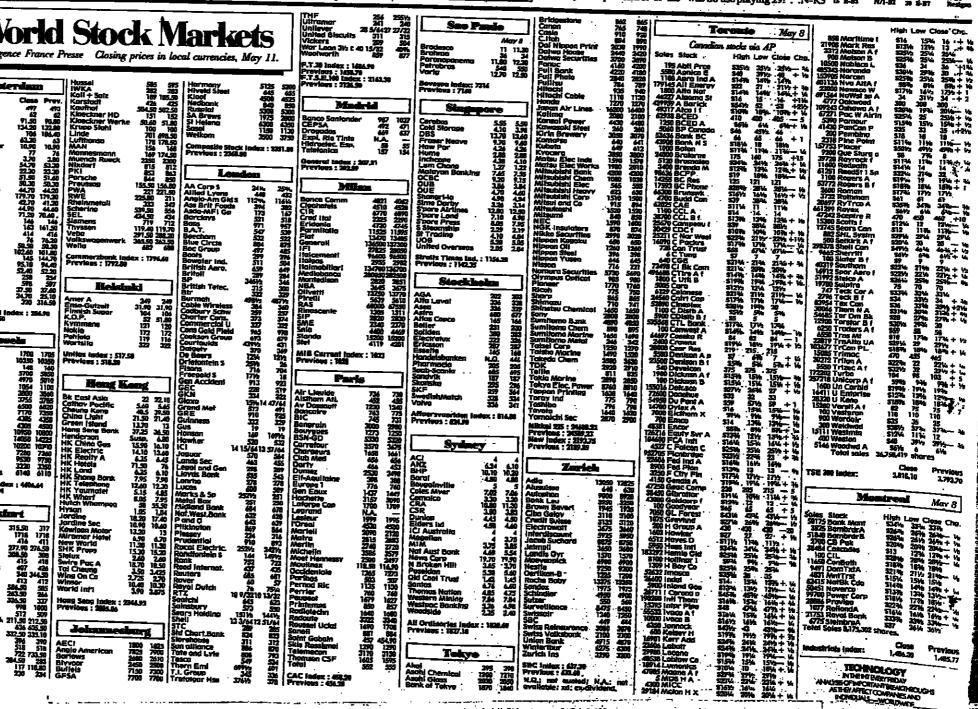
ZOONE DOITI WHAT HIS SECRETARY WAS FORCED TO SEEK WHEN THE BOSS'S **PIDUST** WIFE UNEXPECTEDLY NAPOWE Jumbles: LLAMA PURGE KIMONO FEMALE What the baseball that hit the dentist's office was...THE "PANE" KILL ER

"GOD ALWAYS KNOWS WHAT WE'RE DOING. LUCKY FOR US HE CAN KEEP A SECRET."

JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arrold and Bob Lee

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# Warriors Beat Lakers As Floyd Scores 51; Celtics, Pistons Win

Compiled by Our Staff From Dispatcher phase of the game going — three-pointers, drives. He strung our de-Los Angeles Lakers began celebrating what seemed to be another sweep Sunday before Eric (Sleepy) Floyd reminded them there was

still one period left.
Floyd caught the Lakers napping and scored 29 of his 51 points in the final quarter to lead the Golden State Warriors to a 129-121 victory.

### NBA PLAYOFFS Los Angeles, which swept Denver in

Conference Semifinal series. Esewhere Sunday, Boston and Detroit took 3-1 leads in the Eastern Conference semifinals with

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one-point victories. Floyd, a 6-foot-3 (1.90-meter) guard, dazzled the crowd by hitting 12 of 13 shots from the field in the back from a 102-88 deficit. In the quarter, he outscored the Los Angeles offense by 10 points.

Taking advantage of lackadasial refereive play, Floyd began pene-urating early in the quarter. If thought we celebrated a little early. We should know better than that," said Laker guard Earvin Johnson. shot as the buzzer sounded. "Floyd was doing it on transition and he was doing it on the set offense. Our weak-side help was just awful in the fourth quarter." Said the Lakers Michael Coo-

fense out pretty well."

Floyd's 51 points were a career high. He also broke the single quar-ter record (25) set Friday by Isiah Thomas of Detroit and his 39 points in the second half eclipsed the previous mark of 33, set by Elgin Baylor of the Lakers in 1962.

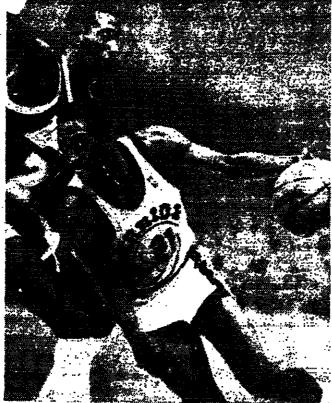
My teammates kept giving me the ball, and said Take it, so I look

it," Floyd said. "I was very conscious of the score, and the crowd got as pumped. I've never been go opening-round series, now leads hotter at any level. The basket seemed 10 feet wide." seemed 10 feet wide." Celtics 138, Bucks 137: In Mil-

waukee, Darren Daye scored four points in the second overtime and Larry Bird finished with 42 points to give Boston a commanding lead over the Bucks in their Eastern Semilinal\_

Daye's two free throws gave the Celtics their 138-137 lead, and the Celtics survived two Milwaukee scoring threats in the final minute First, Kevin McHale blocked Ricky Pierce's lay-up with 49 sec-onds remaining. The Bucks' John Lucas drove the lane, threw a pass

They've got to beat us twice "To do that, they're going to have defensive team: "He had every tories at home if they win on way I'm missing the shot." He took tip missed the basket. (UPI, AP)



Eric Floyd, driving past Laker defender Michael Cooper for two of the 29 points he scored during Sunday's fourth period.

Wednesday, have won 33 consecu- inbounds pass, drove around the

tive games at Boston Garden. Pistons 89, Hawks 88: In Pontiac, a finger-roll that fell in. Michigan, Isiah Thomas scooped in ference semifinal lead.

Trailing by 88-87, the Pistons had now in Boston Garden," said Bird. the ball and a time-out to talk things over with five seconds left. "I said if just awful in the fourth quarter."

Said the Lakers' Michael Cooper, a member of the NBA all
ecord with 15 straight playoff vic
game-bigh 31 points. "There's no a pass to Dominique Wilkins, whose

right side of the lane and went up for

John Battle, who scored 11 of his that hit Terry Cummings in the a lay-up with one second remaining shoulder and then missed a short to give Detroit its 3-1 Eastern Congave the Hawks an 88-85 lead on a lay-up with 1:30 remaining. Two free throws by Adrian Dantley with 1:14 left made it 88-87.

start of the eighth. "Anytime you pick up 412 games in six days, that's excellant. Ripken said after the Orioles used home runs by Terry Kennedy, Jim Dwyer

### BASEBALL ROUNDUP

and Fred Lynn to beat the Chicago White Sox, 6-4, here Sunday. Carried by 12 homers, Baltimore swept the three-game series to move to within 6½ games of the Brewers.

ager Cal Ripken Sr. is delighted.

"I know our people are capable of hitting homers, but you don't look for 12 in one series, said Ripken. The Orioles had six in Saturday night's 15-6 rout and three in Friday night's 7-6 victory. Baltimore has won five of its last six zames while on the road. Chicago has lost four in a row.

"We're starting to spread it out," said Lynn, who hit a three-run homer Sunday. "The guys who are supposed to hit are getting hits." Suffering from a hitting slump and a shoulder injury. Lynn didn't start four straight games and missed two last week, but returned to go 6-for-11 against the White Sox. "A few days off -it's the best way to stop a slump," he said.

Dwyer tied the score, 2-2, with a fifth-inning home run after Larry Sheets singled. Kennedy homered in the seventh; an inning later, Lee Lacy doubled and Cal Ripken Jr. walked before Lynn drove a pitch into the upper right-field stands.

Rangers 9, Blue Jays 8: In Ar-

Compiled by Our Staff From Dispatches

Texas. Bobby Witt survived a shaky

CHICAGO — The Baltimore

Orioles have gained ground on son. Witt (1-1) gave up four runs in struck out, Ray blooped a single to

Son. Witt (1-1) gave up four runs in struck out, Ray blooped a single to first-place Milwaukee in the Amerthe first two innings, but allowed center. One out later Morrison. Pat Perry's next offering into the ican League East lately, and Manjust one over the next five before who also had an RBI double, hit his right-field corner. Reliever Matt giving way to Mitch Williams at the fifth home run of the season.

Oriole Home Runs Down White Sox Again

Pirates 4, Giants 1: In the Na- Angeles, Ken Landreaux's one-out League victory. tional League, in San Francisco, double scored Mike Ramsey from Padres 14, Cubs 2: In San Diego. Johnny Ray's single broke a 1-1 tie in the 11th, and Jim Morrison fol- Dodgers over St. Louis. On the balks on successive pitches in a lowed with a two-run homer as previous pitch, Landreaux hit a five-run fifth that enabled the Pa-Pittsburgh snapped a four-game losing streak. Barry Bonds opened

Dodgers 7. Cardinals 6: In Los attle, earned his first National first base in the eighth, lifting the Jay Baller committed run-scoring grounder down the first-base line dres to end a five-game losing that Jack Clark fielded for an ap- streak.

Young, obtained in trade from Se-





Pitchers Shane Rawley of the Phillies and Ted Power of the Reds were distracted by a lington, Texas, Rueben Sierra drove swarm of bees during Sunday's first inning in Cincinnati. The game was interrupted for 17 in three runs and Scott Fletcher and minutes while bee handlers —on call since earlier invasions at Riverfront Stadium (April 17, Geno Petralli two apiece to rally 1976 and May 26, 1980) - used nets to collect some of the insects and dispersed the rest.

# **IOC Approves Tennis Pros for '88 Games**

ISTANBUL — The International Olympic Committee on Monday gave final approval for professional tennis players to compete for med-

als in next summer's Games. .... Adopted by acciamation at the IOC's 92d session, the ruling is the final eligibility guide-ine to be put in place for the 1988 Winter and Summer Games. To date, it is by far the most radical move away from the traditional Olympic concept of all-amateur Games.

medals in men's and women's singles and doubles. Nations with high Davis Cup or Federation Cup rankings will be seeded; the rest of the field will be determined in regional qualifying. The plan was unanimously approved by the IOC's executive board last winter after Soviet

sports officials finally gave their consent.

Basically, it asks professionals to become amateurs for a month. They may accept no payments for playing in the Games or for the results of their competition. For the two weeks of the Sixty-four men and 32 women will compete Games, and up to two weeks beforehand, they

winnings. They must also make themselves available for Davis and Federation Cup matches.

The plan is an experiment only for the Seoul Games, after which the IOC will decide whether or how tennis is to continue as an Olympic sport.

Tennis has not been a medal sport in the Games since 1924. In 1984 at Los Angeles. it was an exhibition sport with professionals under 21 allowed to compete. Stefan Edberg of Sweden won the men's singles and Steffi Graf in the Seoul tournament, which will award also must suspend endorsement contracts, which of West Germany the women's.

# Flyers Defeat Canadiens, 3-1

Compiled by Our Staff From Dispatches MONTREAL — For the second consecutive playoff series, the delending National Hockey League champious have lost two games at the Forum

Philadelphia downed the Canadiens, 6-3, Sunday night to take a 3-I lead in their in the Wales Conference final series; the Flyers also

# NHL PLAYOFFS

won Game 3 here after splitting the first two games in Philadelphia. In their Adams Division final. Montreal lost the opening two games to Quebec before coming back to win in seven games. Only four teams in NHL history - the 1942 Toronto Maple Leafs, the 1975 New York Islanders and the Islanders and Detroit Red Wings this year -have come back from 3l deficits to win a best-of-seven

playoff series.
Pelle Eklund's three goals paced the Flyers. With Philadelphia leading, 3-2, Eklund and Scott Mellanby ired the game with tallies in the first 88 seconds of the third period.

Eklund completed his hat trick at 13:01 of the final period. Taking Brian Propp's pass at center ice, he

deked Brian Hayward out of the net and slid the puck behind the goalie for his sixth goal of the playoffs. "He's coming on just when we seed him," said Coach Mike Kee-lan of Ekhund. "He's a very intelligent player who can play good de-fense and use his speed and hockey sense to generate offense. He's showing why he was selected the top player in Sweden a couple of years ago." (UPI, AP)

ESCORTS & GUIDES

years ago."

**p**lete

accompanies the game in this country is known and feared world-

years, respectively, for their parts

got to know in bars and traveled

# **SCOREBOARD**

### Sunday's Major League Line Scores

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Boston 144 000 12x-7 10 0
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Hurst and Gedman. W--Hurst. 4-3. L.—Surfon,
24. HRS--Boston, Burks (1), Greenwell (4). Houston
Housto

Baseball

New York 318 982 98x—6 11 7
Smithson, Kilnik (3), Frazler (5) and Sales;
Hudson and Cerone. W—Hudson, 5-0. L—
Smithson, 3-1.
Kansas City 902 999 999—2 11 2
Cieveland 921 109 99x—4 7 9
D. Jackson, Forr (4), Glearon (8) and Owen;
Swindell and Dempsey. W—Swindell, 2-3. L—
D. Jackson, 1-5. 3-4 L—Darwin 2-2 Sv—St. Claire (4). HR—
Montreal. Poley (2).
Philadelphia 099 162 100—4 8 1
Cincinneli 099 500 633—3 8 6
Rawley, Bedroslon (8) and Partish; Pawer.
Rabinson (9) and Diaz. W—Rawley, 2-2 L—
Pawer, 3-1. Sv—Bedroslon (2). HRs—Philadelphia, Samuel (2), Partish (4). Cincinnoti.
Dayls (13).

Son (4). Attanto, Murphy (8).

\$1. Leuis 600 120 380—6 13 3
Los Angeles 000 231 01x—7 12 0
Matthews, Harton (6). Perry (8). Worrell (8)
and Lake; Welch, Howell (7). Young (8) and
Sciegcia, W—Young, 1-4. L—Perry, 1-1. HRS—
\$1. Louis, Clark 2 (9). Las Angeles, Guerrera

tiz (8): Grant, J. Robinson (6). Garrelts (8) and Melvin, Brenty (8). W—D. Robinson, 3-1. L—Garrelts, 4-3. HR—Pitisburgh, Marrison

# Major League Standings May 11: Edmonton of Dr. May 12: Detroit of Edmon

NATIONAL LEAGUE East Division

W L Pct. GB 17 13 .567 16 13 .552 14 15 .483 13 15 .464 12 16 .429 10 18 .357 11 456 11 433 14 563 13 552

New York Toronto Boltimore

Transition

Witherspoon, lineboch er: Jim Gallerv, place Nicker, and Jettray Guv. bunter. WASHINGTON—Signed Ted Karras, Joh Guzik, Steve Martin, Steve Thorusson on Tommy Parker, defensive linemen; Joh Mickens and Tony Settles. linebackers, and

National Hockey League

BOSTON—Signed a five-year agreement with the American Hockey Laugue for an of fillated franchise in Portland, Maine, HARTFORD—Signed Emile Francis, pres

COLLEGE

oach, la a four-vear contract. UTICA—Named Ed Jones basketball coac

OLYMPICS

INTERNATIONAL OLYMPIC COMMITTEE-Named Dick Pound vice president.

European Soccer

Real Modrid 2. Zarogaza 3 Barcelona 2. Glion 0 Mallorca 1. Español 0

Murcio 2, Sevillo 8 Points (Playing for

CLARION—Named Robert Carlson of fant athletic director. KANSAS—Signed Larry Brown, baske

#ASEBALL
Molional Leopue
MONTREAL---Recalled Upolck
Nitcher, from Indianopolis of the
issociation.

D. Nixon, Scottle, 9; Fernandez, Toronto, 9; Molitor, Milwaukee, 9; Reynolds, Scottle, 9. PITCHING

Won-Lost/Winning Ptt/ERA: Condelaria, California, 4-0. 1,000, 2-2; Clear, Milwaukee, 3-0, 1,000, 4,50; Hudson, New York, 5-0, 1,000, 1,00; Saberhapen, Kansos City, 4-0, 1,000, 1,50; 4 are

Soberhopen, Kansos City, e-G, 1,000, 1,50; 4 are lied with 300.

Strikeouts: Langston, Seatile, 54; Swindell, Cleveland, 54; Hisuera, Milwaukoe, 46; Hurst. Boston, 44; M. Witt, Colifornia, 44.

Saves: Pleac, Milwaukee, 9; Reardon, Minnesoia, 8; Rishetti, New York, 7; E. Nunez, Seatile, 6; Henke, Toronto, 5; J. Howell, Oakland, 5. NATIONAL LEAGUE

Runs: E. Davis, Cincinnati, 31; Gwynn, San Diega, 25; Guerrero, Los Angeles, 24; Leon-pra, San Francisco. 24; Coleman, St. Louis, 23; Chicoco, 30; Schmidt, Philodelphia, 27; Guer rero, Los Angeles, 28; J. Clork, St. Louis, 26. Hits; Leenord, Son Francisco, 46; Gwynn, Son Diego, 44; Maldanado. Son Francisco, 44; Halcher, Houston, 42; E. Davis, Cincinnali, 41. Doubles: Leonard, San Francisco, 12; Mai-ionado, San Francisco, 12; D. James, Alienta,

danada, San Francisco, 12; B. James, Arrivia, 11; Gwynn, San Diego, 9; 8 arc tied with 8. Trigites: Cester, Cincianati, 4; Bands, Pitts-bursh, 3; Ford, 52. Louis, 1; MThameson, Phil-odelphia, 3; Samuel, Philadelphia, 1 Home Runs: E. Davis, Cincianati, 13; Daw-son, Chicago, 10; Durham, Chicago, 10; Schmidt, Philadelphia, 10; J. Clark, 5t. Louis,

7. Stolen Bases: Coleman, St. Lauis, 21: E. Co-vis, Cincinnati, 15: Hatcher, Houston, 10: Walker, Chicago, 9: Webster, Montreal, 9. PITCHING

Wen-Lest/Winning Port/ERA: Volentuelo, Los Angeles, 41,890, 3,8; Watch, Los Angeles, 41,800, 2,91; 11 are tied with JSO. Strikeouts: Scatt, Hounton, 62; Fernandez, New York, 63; Volentuelo, Los Angeles, 49; Ryan, Houston, 47; Welch, Los Angeles, 40. Saves: La Smith, Chicago, 9; Orosco, New York, 7: O Smith, Houson, 6; Franco, Cincip-

### Basketball

### National Basketball Association Playoffs

CONFERENCE SEMIFINALS SUNDAY'S RESULTS LA. Lokers 34 \$1 37 19-121
Golden State 27 30 31 41--125
Floyd 18-26 13-1451, Carroll 10-182-522; Scott

10-19 7-8 29. Abdul-Jabbar 8-14 11-15 27. Re bounds: Los Angeles &2 (Green 12). Golden State 43 (Smith 16). Assists: Los Angeles 23 (Cooper 10). Golden State 24 (Floyd 10).

Bird 13-23 13-15-62, McHole 15-25-4-534; Cummings 12-21 7-8 31, Mencrief 8-20 6-7 22, Rebounds: Bosion 56 (McHole 13), Milwoukee 54

NHL Playoff Semifinals SUNDAY'S RESULT Montreal
Suffer (1), Propp (8), Eklund 2 (6), Mellonby
(1); Noskind (7), Richer (3), Chellos (4), Sholts
an spel: Philadelphia (on Rey, Hayward) 13-68—27; Montreal (on Hextall) 10-6-10—28.

Hockey

X-May 14: Praiposephia or Montroal
X-May 16: Montroal of Philadelphia
CAMPBELL CONFERENCE FINALS
May 5: Detroit 3, Edmonton 1
May 7: Edmonton 4, Detroit 1
May 9: Edmonton 2, Detroit 1
May 9: Edmonton 2, Detroit 1

Tennis MEN'S TOURNAMENT (At New York)
Singles Finel
nez (4), Ecuador, det. Yannick ), France, s-4, 7-6 (7-5), 7-6 (7-1).

DAVIS CUP QUALIFYING European Zone B, First Round (At Monaco)

Portugal 3, Manaco 2 Cunha Silva, Portugal, def. Bernard Bel-lerel, Manaca, 6-3, 6-4, 0-6, 7-5. Gilles Ganancia, Manaca, def. Nuno Mar-quez, Portugal, 7-5, 6-2, 7-5.

# Top finishers and comines in the Byros Nelson Classic, which ended Sunday or the 6,767-yard, par-76 Las Colleas course in Irving, Texos (x-won an third belo of suddendenth playarff): x-Fred Couples, \$108.000 Acrit Calcavecn, \$44.800 49-42-47-48-247 Crate Steller, \$24.800 49-42-47-45-248 73-66-63-64--266 69-62-67-69---267 69-67-67-65---268

EASTERN CONFERENCE SEMIFINALS

WESTERN CONFERENCE SEMIFINALS

May 10: Golden State 129, LA, Lokers 121 May 12: Golden State of LA Lokers x-May 14: LA Lokers at Golden State x-May 14: LA Lokers at Golden State x-May 14: Golden State at LA Lokers

Golf

May 5: Boston 111, Milwaukee 98
May 6: Boston 124, Milwaukee 124
May 8: Milwaukee 124, Boston 121, OT
May 18: Boston 138, Milwaukee 137, 201
May 13: Milwaukee 18 Boston
x-May 17: Milwaukee 18 Boston
May 17: Milwaukee 18 Boston

May 3: Detroit 112. Atlanta 111 May 5: Atlanta 115, Detroit 102 May 8: Detroit 106. Atlanta 99

May 18: Detroit 89, Atlanta 88
May 13: Detroit of Affanto
x-May 15: Affanta at Detroit
x-May 17: Detroit of Affanta

May 2: Sentile 11, Houston 104.
May 5: Sentile 19, Houston 97.
May 7: Houston 102, Sentile 84.
May 9: Sentile 117, Houston 102.
May 12: Sentile 01 Houston

Bob Lohr, \$40,800 Croig Stadler, \$26,400 Donnie Hammind, \$26,400 Tom Kile, \$19,425 Tom Byrum, \$19,425 Gres Norman, \$19,425 Ben Crenshow \$19,425 David Frost, \$15,400 Roy Barr, \$15,400

Ray Barr, \$15,600 Brad Faxon, \$12,600 Mike Reid, \$12,600 Gary Hollberg, \$12,600 David Edwards, \$9,900

# Tim Narris, \$9,900 Rick Dalpos, \$9,900 Jay Don Blake, \$9,900 Chris Perry, \$6,213



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WHOOPEE — Fred Couples, who had not won a PGA tournament in three years, got all-star congratulations from wife Deborah after winning a sudden-death playoff in the Byron Nelson Classic Sunday in Irving Texas. On the third extra hole, the 415-yard, par-4 18th, Couples sank a 5-foot par putt; Mark Calcavecchia, who fired a 64 to tie Couples at 266 through regulation play, took a bogey by bunkering

suspected of being behind large-scale violence at matches. Judge George Schindler said the five jailed were "some of the nastiest, most ruthless and most vicious men for whom violence appeared to be a length of the property of the proper for whom violence appeared to be a

# his second shot and leaving a 20-foot par putt inches short. INTERNATIONAL CLASSIFIED

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# 5 Soccer Thugs D. Jackson, 1-5. Oakland 130 110 800—6 11 1 Detroit Hoos. Eckerslev (5). Onliveros (e). Nelson (8) and Tettleton; Marris, Thurmond (5). Saell (8) and Heath. W—Snell. 1-1. L—Onlitveros, 6-1. HRs—Ockland, Davis (7). McGwire veros, 6-1. HRs—Ockland, Davis (7). McGwir

were given in-year campaign of organizing a six-year campaign of violence at matches. Following an 18-week trial, three other men were imprisoned for seven, six and five the five imprisoned for seven imprisoned

in the campaign. The Inner London Crown Court was told how undercover police infiltrated a gang of thugs whom they suspected of being behind large-scale violence at matches. Judge

way of life." Police said that "Operation Own Goal" focused on a group of notoriously hostile Chelsea fans, whom young policemen in plain clothes

key, Bottimore, 24; Meliter, Milwaukee, 23. RBIs: Ribken, Bottimore, 31; Downing, Colifornia, 27; G. Word, New York, 2s; Joyner, California, 25; Dw. Evans, Boston, 25; Incovigita, Texas, 25.
Hitis: Puckett, Minnesota, 40; R. Henderson, New York, 38; Ripken, Ballimore, 38; Downing, California, 37; France, Cleveland, 37, Doubles: M. Davis, Oakland, 11; Tobler, Cleveland, 11; Coloron, Chicago, 10; Ripken, Ballimore, 10; Maitingly, New York, 9; Molitor, Milwaukee, 9.
Triples: Seltzer, Konsas City, 5; Browne, Texas, 3; 19 are fled with 2
Home Ress: Downing, California, 11; Incovigita, Texas, 11; McGwire, Oakland, 19; Phelips, Seattle, 10; Bartheid, Toronna, 9; Deer, Milwaukee, 9; Ribeken, Boltimore, 9.
Stoles Bases; R. Hemaerson, New York, 1s; P. Bradley, Seattle, 14; Redux, Chicaso, 12; D. Nixon, Seattle, 9; Fernandez, Toronto, 9; with to games. Schindler said that the Last-

Hickmott group had organized vio-lence before, during and after Chelsea matches, home and away, and used soccer as an excuse to indulge in violence. He said it was because of men like the five convicted "that the reputation of football fans in this country is so shameful, disgraceful and frightening that very many decent people stay away alto-gether. The stench from the hidcous viciousness which sometimes

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Major League Leaders

# ART BUCHWALD

# Learning by Experience

WASHINGTON — The only friend's house to have a quiet din-thing we can do now is learn ner for four. from Gary Hart's experience. These are the rules that any presidential candidate should obey:

Do not go on a picnic with someone named Donna. Do not go down a dark alley with a person named Rice.

Above ali, do not take anyone back to your house after dark to show her the improvements you made in the ceil-

Never sail to the island of Bimini when the

customs shack is closed If a woman Wants to work in

your campaign, tell her you're all Buchwald filled up and have no room for even one more volunteer. Do not - repeat, do not - telephone and ask her to join you for a strategy meeting to discuss how to get the singles vote.

Don't autograph your book to an individual who is liable to show it on an airplane to her fellow passen-

There is no such thing as a free weekend. It can cost a presidential candidate a lot, particularly if he gets lonely and goes over to his best

### Random House Buys U.K. Group

New York Times Service NEW YORK — Random House is to buy one of the leading British book-publishing groups — Chatto, Virago, Bodley Head & Jonathan Cape Ltd., the first purchase of a major European trade-book publisher by an American company.

London by the two chairmen, Robert L. Bernstein of Random House and Graham C. Greene, of the consortium, which is prestigious but

financially troubled. The consortium has published a galaxy of leading authors, including Graham Greene, Iris Murdoch, Virginia Woolf, Alexander Solzhenitsyn, Ernest Hemingway, Hermann Hesse, T.E Lawrence, Doris always say, "I made mistakes, but they were mistakes of the Hart." Lessing and F. Scott Fitzgerald.

Just because nothing happened between you and an unmarried Woman does not mean that nothing happened. It did happen if it gets reported in the press. Therefore the only ones who should be allowed to visit you on the weekends when your wife is not there are the

plumber and the Orkin man. It is absolutely essential that the candidate never say to the press, "If you think I'm a womanizer, why don't you follow me and see for yourself?" The reason for this is too obvious to explain.

During a tough presidential campaign do not play cards with any-body named Bill — especially if he knows a lot of attractive people in

If you have ignored all of the above and the press takes after you, then you have to do the following: Call a press conference and deny anything that you are accused of. Tell them you are guilty of bad judgment but you are clean as the driven snow. Offer a reward to anyone who can prove otherwise. (If for some reason there is a danger of losing the reward, cancel the press conference and go into a "no com-

ment" mode.)
Attack all press stakeouts as un-American and beneath the dignity of a political campaign. Say you don't care for yourself but you worry about the American farmer and people who are on Social Security.

if that doesn't work, admit you were guilty of something or other and if you had it to do all over again you would go to a Baltimore Orioles doubleheader and order a hot dog instead.

The question of your presidential qualifications may come up. If it does, insist you are a better presidential candidate now than you were yesterday because you weathered a crisis. Point out that it takes a strong man to repulse the kind of attack you have been under. Declare that anyone can walk in the front door of his house and walk out the front. But it takes a man with great vision to go in the front door and come out the back.

Finally, if nothing works you can

# A Brechtian on the Theater of Opera

By Andrew Clark

GENEVA — Polemic and dia-lectic are words that crop up regularly in François Rochaix's conversation and in his work but they could not be further from the man himself. Rochaix, the stage director for the forthcoming new production of Mo-zart's "La Clemenza di Tito" at the Grand Théâtre bere, is gentle, relaxed and unflappable as the ater people go, a man who im-presses singers with his intelligent motivation during rehearsals, and who brings to opera an educated respect for music as well as a Brechtian sense of humor.

Rochaix's first major opera production was Benjamin Britten's "The Turn of the Screw" in Geneva six years ago. Since then he has tackled two other Britten operas, two by Mozari, as well as some Debussy, Stravinsky and Wagner — all in Geneva, where he as born and lives with his actress wife and young family in a nearby village overlooking the lake and Mont Blanc. His "Turn of the Screw" production was also staged in Washington, D.C., and last year he was responsible for a new staging of Wagner's "Ring" in Seattle. He will spend six weeks this summer rehearsing a revival of that production, the first night of which, Aug. 2, coincides with his 45th birthday. With a new production of "Carmen" shortly after, also for the Seattle Opera,

he has a full plate. So far, Rochaix's work for the lyric theater suggests that he is . "I had dreamed of doing some-most comfortable in the 20th centuing in the musical theater — I tury. In the straight theater, too, it actually did Hindemith's "Hin was the 20th-century repertory und Zurück" in the early 1970s that was the platform for his apprenticeship and early successes.

Unusually for a French-speaking Swiss, Rochaix was educated in German-speaking Bern, where he became a ski champion and studied piano. The dream of becoming a musician soon faded, but his musical training was to become invaluable when his career turned to opera. It was to the straight theater that he initially devoted his energies, becoming founder director of the 300-seat Théâtre de l'Atelier in Geneva at the age of 20, learning the trades tact with the straight theater, be-

Brecht lestival a year later, in 1964, prompted Helene Weigel, Brecht's widow, to visit Geneva with the Berliner Ensemble - its first trip to the West after the Berlin Wall was built. From then on, Rochaix had annual invitations to attend rehearsals of the company in East Berlin and study under Benno Besson at the Deutsches Theater.

"That was my main theatrical school. Back in Geneva, I directed most of the big Brecht plays from "Baal" to "Mother Courage," developing my understanding of Brechtan etiquette and at the same time facing mounting political problems with the Geneva city authorities. Geneva proved a strong international platform for the main Swiss French-speaking filmmakers. All my carly days were spent making theater, often in relation to other expressions like film, and always in a very concrete political context. The authorities wanted to close the theater, but there was a public out-

Rochaix subsequently moved to the suburb of Carouge, becoming director of the Thestre de Carouge in 1975 and resigning in 1981 when he felt the authorities were not giving him enough sup-port. In his final year there, he had a fortuitous meeting with Hugues Gall, who had just been appointed director of the Grand Theatre and was sufficiently impressed to propose an opera production to Rochaix.

but the problem was that I was always acting or directing. My first proper experience with opera. was a happy one, because with Hugues Gall's approval we did "The Turn of the Screw" in my own theater at Carouge, the set was already on stage when the singers arrived, we had a wonderful cast and I was able to learn a lot from the conductor, Roderick Brydon. I never accept to stage an opera now unless I have a full four weeks of rehearsal.

"But I don't want to lose conof acting, managing and directing cause that is where you find the through practical experience. His sources of acting. The danger



François Rochaix.

when you do too much opera is which will have six performances that it becomes like a drug, and from May 14 to 26—is Rochaix's the singers are so accustomed to only remaining project in Geneva having unsolved problems that for the foreseeable future. The they drift into the old solutions main focus of his spoken theater and bad habits. I will never accept the school of operatic acting where a singer behaves like the last of the straight-theater amateurs. When an actor doesn't find the solution, he can't cover up, it's just bad acting. So I like to go from one to the other. After my opera experience I find I'm exploring more of the rhythmical side in straight theater, and coming back to opera, I tend to ask a lot of the singers as actors. They feed each other constructively."

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work has moved to Norway, where he was recently appointed an associate director of the National Theater. His visits there have been steadily increasing since 1981 - he now speaks fluent Norwegian - and he has made a commitment to stage one full-length play for the company each year for the next five years. Other projects include a return to Scotland next year for a revival of his staging of Britten's "Death in Venice" for Scottish Opera, and a "La Clemenza di Tito" - series of opera productions in

Brydon. Their highly successful work in Britten's "Owen Wingrave" at Lucerne earlier this season has whetted Rochaix's appetite for the rest of the Britten

"His music is as precise as text. It's a syntax. Coming from the straight theater, I found it presented lew problems of timing and coming from an education and city that is Protestant, Calvinist and Puritan, I feel I have something to share with Britten's world. It's interesting listening to his recordings, how he seems abraid of the violence and sensucusness in his own music: He makes it all very civilized. There's no dialectic, no astonishment.

"I have to have a specific refationship with the work I'm directing. If somewhere in an opera I can find an archetype of my own experience, of moments of my life today, then it's worth doing as theater. If not, it's museum to me, I have no motivation. I'm not a repertory man."

Rochaix has enough experience of the German theater to be wary of what he calls "gadget theater, shock theater, directors projecting private visions onto a work with which they have no real connection. I know what Brecht said - that when a performance is dividing an audience, something is right. The trouble is some people want to provoke this polemic a little to easily. After "The Turn of the Screw" in Geneva, we said something must be wrong, we had no opposing voices. Then after the same production in Washington, we had critics who said a seven-year-old child could have staged it better. We need this also. We have a right to some failures - that's something involved in our taking risks. The real polemic comes quicker in opera, however, partly because of the social ritial

diences suddenly liked my work, I'd be a little afraid."

Andrew Clark is a journalist and

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Thieves stole originals of some of Yves Saint Laurent's winter haute conture collection from a Paris showroom over the weekend, the police say. They said the clothes, from leather and silk designs Saint Laurent planned to present in forthcoming showings, were valued at about one million francs (about \$165,000). Experts say there is a huge market for the creations of famous designers, as imitators copy them and flood world markets before the originals appear.

Salvador Dali spent Monday 2/g-parently disregarding his 83d bitvaday. Telegrams have been arriving all morning but Dali has paid little attention to them," said the artist's private secretary. Maria Teresa Brugues. "He said nothing when I wished him happy birthday. He spent the morning leafing through the newspapers as he usually does." she said. Dali, who suffers from Parkinson's disease and arteriosclerosis, rarely ventures from his bedroom in a tower wing of the Dali Museum in his native Figueres, 80 miles (130 kilometers) north of Barcelona, according to close

Buffalo Bill Cody's grandson unveiled a plaque to honor the man he called America's first goodwill ambassador to Europe, 100 years after Cody's Wild West show gave Brisain its first look at cowboys and Indians. William Garlow Cody, a lawyer and lecturer, now runs a dude ranch near Cody, Wyoming, founded by his grandfather, unveiled the bronze plaque with a bust of Buffalo Bill in Earl's Court exhibition hall on the site of the showground where the Wild West show opesed on May 9, 1887.

. 🛘 Bob Hope wouldn't let his birthday pass without a television specay pass without a television special and this year's, which is being filmed at Pope Air Force Base in Fayetteville, North Carolina, also will also celebrate the 40th birthday of the U.S. Air Force. The show will be aired May 25, four days before Hope turns 84, and will feature Brooke Shields, Barbara Mandrell, Lucille Ball, Phyllis Differ, Don Johason, Emmanage Lewis, Phylicia Rashad, Gless Campbell, the band Alabama and Kirk Cameron of "Growing Pains."

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